# 2025 Climate Report

The Co-operators Group Limited

co-operators

## About us

The Co-operators Group Limited (Co-operators) is a leading Canadian financial services co-operative, offering multi-line insurance and investment products and services with over 7,800 employees, insurance revenue over $6.9 billion and $79.3 billion in assets under administration. Our purpose is to provide financial security for Canadians and our communities. Climate change poses a direct threat to our ability to carry out our purpose. Addressing the climate crisis and supporting a necessary transition to a resilient, sustainable and net-zero future is woven into our strategy and decision-making.

Learn more about The Co-operators Group Limited in our Integrated Annual Report.

## About this report

This report builds from previous climate-related financial disclosures and is meant to meet the expectations set out by the Office of the Superintendent of Financial Institutions (OSFI) Guideline B-15 on Climate Risk Management. Some disclosure elements included in Guideline B-15 have implementation dates in future years, and as such, this report is meant to meet the expectations on disclosure elements required for fiscal year ending 2025. Additional information related to insurance financial data can be found on OSFI's website.

This report is also informed by the Canadian Sustainability Disclosure Standards (CSDSs); CSDS 1 General Requirements for Disclosure of Sustainability-related Financial Information and CSDS 2 Climate-related Disclosures. Co-operators supports the CSSB in the development of sustainability standards that will advance the reliability and comparability of such disclosures. As these standards are not compulsory for our organization, this report is not fully compliant with the full scope of CSDS 1 or 2.

The accompanying disclosures cover a reporting period from January 1, 2025 to December 31, 2025. Unless otherwise noted, all information is presented for the year ended and as at December 31, 2025. This report provides an overview of our approach to identifying and managing climate-related risks and opportunities.

Unless otherwise stated or indicated by the context of this report, "Co-operators," "we," "us" and "our" refers to the consolidated The Co-operators Group Limited, including its wholly owned subsidiaries. The following are the significant subsidiaries which are represented in this report:

- Co-operators Financial Services Limited (CFSL)
  - Co-operators General Insurance Company (CGIC)
    - The Sovereign General Insurance Company (Sovereign)
    - CUMIS General Insurance Company (CUMIS General)
  - Co-operators Life Insurance Company (CLIC)
    - CUMIS Services Incorporated (CUMIS Services)
    - The CUMIS Group Limited (CUMIS)
  - Addenda Capital Inc. (Addenda)
  - Co-operators Financial Investment Services Inc. (CFIS)
  - Federated Agencies Limited
  - Premier Managers Holdings Corporation (PMHC)
  - The Edge Benefits Inc. (Edge)
  - Smart Employee Benefits Inc. (SEB)
  - Carson Dunlop and Associates (CDA)

Insurance is Co-operators' core and largest business and is regulated under the Insurance Companies Act (Canada). CGIC provides personal lines, commercial and farm coverages. CLIC provides life, health and travel insurance, annuity coverages and wealth management for both individuals and groups. The insurance operations are licensed to write many classes of insurance, in all provinces and territories in Canada. Co-operators also acts in the investment management market through Addenda, which provides institutional and private investment management. CFSL has a 94.95% controlling interest in Addenda. In addition, Co-operators distributes third party mutual funds through CFIS. Other businesses undertaken by subsidiaries of Co-operators support or are ancillary to the insurance and investment management businesses.

*"As a purpose-driven business, we have a responsibility to support the transition to a more sustainable future. In 2025, we reinforced our commitment through a new climate solutions investment target and our work to mobilize private capital to build climate-resilient communities through our Resilience Acceleration Lab. Tackling the complex challenges like climate change will take a whole-of-society approach, and we're committed to fulfilling our vision as a catalyst for a resilient, sustainable society."*

**Rob Wesseling**
**President and Chief Executive Officer**

## Caution Regarding Forward-Looking Statements

This report contains forward-looking statements and forward-looking information, including statements regarding the operations, objectives, strategies, financial situation and performance of Co-operators. These statements, which appear in this report (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words, such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "plan," "would," "should," "could," "trend," "predict," "likely," "potential" and "continue," or the negative thereof and similar variations. These statements are not guarantees of future performance, and they involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

We believe that the expectations reflected in the forward-looking statements and information are reasonable; however, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, levels of activity, performance or achievements. Consequently, we make no representation that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements and information.

The forward-looking statements and information contained in this report are expressly qualified by this cautionary statement. We are under no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations, except as otherwise required by applicable legislation.

## Governance

Co-operators' governance and accountability structure ensures there is appropriate oversight to monitor, manage and oversee climate-related risks and opportunities. Select Board of Directors (Board) and management level committees and business groups work to oversee the strategic objectives and targets.


***Board level***

The Board oversees our management of climate-related risks and opportunities. While relevant to all Board committees, this is primarily executed through the Sustainability Committee and the Risk Committee while the Audit and Finance Committee oversees accounting and financial reporting practices including climate-related financial disclosures. The Board and its committees take climate-related risks and opportunities into account while overseeing overall strategy, major transactions, and risk management practices. The Board must also consider trade-offs between competing priorities and rely on risk appetites to guide these decisions. In addition to ongoing meetings where the committees individually assess progress towards our climate targets and monitor and review climate-related risks and opportunities, the Sustainability Committee and Risk Committee hold an annual joint meeting to review climate-related risks and opportunities, including progress on our climate-related disclosures.

**Sustainability Committee**

The Sustainability Committee assists the Board in fostering a culture of and leading practices in sustainability and providing oversight of sustainability performance. The purpose of the committee is to monitor the implementation of the Sustainability Policy and of the organization's efforts towards its vision of being "a catalyst for a resilient and sustainable society." This includes monitoring emerging sustainability and climate-related issues, risks and opportunities and advising on the sustainability and resilience components of corporate strategy and stakeholder engagement.

The committee reviews and recommends policies, strategies and priorities to enable the integration of sustainability across the organization. This includes advising on policies, standards and performance of sustainable investing activities. The committee advises the Board on the sustainability impacts of key decisions and monitors and advises on measures to enhance sustainability governance practices for the Board and subsidiary boards.

The committee is comprised of a member of each of the other five Board committees to integrate sustainability across the governance structure. Each Sustainability Committee representative reports the highlights of the Sustainability Committee meetings to their standing committee and discusses any matters that may impact their work. The Sustainability Committee representatives also report highlights of their standing committee meetings and discuss any matters that may impact the Sustainability Committee's work.

**Risk Committee**

The Risk Committee oversees the Enterprise Risk Management (ERM) Program, including risk identification, risk appetite, risk management framework and policies, risk analysis and evaluation, risk monitoring and reporting, and program compliance. Annually, it examines the Company's capital needs in relation to its risk profile for the approval of the Board.

The committee provides oversight of our Chief Risk Officer and offers guidance and advice to senior management on strategic direction linked to our top risk issues, including climate-related risk, while also being responsible for providing oversight of our sustainable investment strategy which is managed by the Management Investment Committee.

**Audit and Finance Committee**

The Audit and Finance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and reporting practices, including reporting on climate-related financial disclosures. The purpose of the committee is to oversee the accounting and financial reporting processes, the effectiveness of internal controls and the adequacy of reporting practices. The committee reviews and assesses the qualitative aspects of financial reporting to shareholders and other key stakeholders and ensures compliance with significant legal, ethical and regulatory requirements.

**Activity during 2025**

In 2025, the Board discussed and affirmed the organization's continued commitment to be a catalyst for a resilient and sustainable society and continued membership to net-zero alliances despite challenging socioeconomic conditions and shifting geopolitical contexts. The Board received several updates from senior management including a presentation on resilience investing and its alignment to our strategy. The Board also received the annual report on our Sustainability and Citizenship team's activity which included information on the creation of the Resilience Acceleration Lab, an update of progress on our net-zero targets, integration of sustainability initiatives across the organization including executive compensation and member engagement on sustainability.

The Sustainability Committee met four times to oversee how the organization is performing against its sustainability objectives. Key highlights related to climate include:

- Discussed engagement with member organizations and other stakeholders on climate action.
- Received an update on certain net-zero alliances halting activities and the potential implications.
- Received an update on the establishment of the Resilience Acceleration Lab and subsequent updates throughout the year.
- Reviewed the 2023-2026 Board annual sustainability targets including the Board's carbon footprint and meeting sustainable practices.
- Received an update on progress towards complying with OSFI Guideline B-15.

- Received an update on development of the carbon footprint reduction plan and the approach to greenhouse gas emissions management.
- Received a presentation on sustainable investing, including a review of risks and opportunities, policies, strategies and performance for our impact investments, climate transition and climate solutions investments.
- Reviewed progress towards the 2025 year-end target to reduce financed emissions intensity of our investments by 25% from 2020 levels.

The Risk Committee met four times throughout the year to oversee risk management practices, including those related to climate. Key highlights related to climate include:

- Provided oversight of management's assessment of climate-related risk in the context of significant catastrophic losses for the insurance industry in 2024 and the related impacts on reinsurance prices.
- Reviewed management's progress on sustainable investing goals and emerging opportunities.
- Received progress updates on OSFI Guideline B-15 and Climate Risk Return readiness.
- Reviewed proposed changes to the Investment Policy including a new climate solutions target and enhanced net-zero commitments and approved the changes for recommendation to the Board.

Additionally, the Sustainability Committee and Risk Committee held their annual joint meeting. Highlights from this meeting include:

- Reviewed trends in sustainable finance and climate-related risk.
- Received updates on sustainable investing including an overview of climate-related targets and ambition, progress to date and an update on the Resilience Acceleration Lab.
- Received updates on climate risk management from various business areas including:
    - ERM – update on OSFI Guideline B-15 and Climate Risk Returns.
    - Sustainability – update on the development and status of the Climate Transition Plan.
    - Finance – update on climate-related financial disclosures.
    - Corporate Actuarial – update on climate-related stress testing and scenario analysis.

The terms of reference for the Audit and Finance Committee were revised in 2025 to add climate-related financial disclosures to the list of documents that are required to be reviewed and discussed with management and approved before they are published. This process began with the 2025 reporting cycle and aligns to the internal governance process in place for financial reporting. During the year, the Audit and Finance Committee received an update on the Canadian sustainability and climate reporting landscape including future assurance expectations from OSFI as well as trends seen within the Canadian market.

**Climate competence**

The Board determines whether it has the appropriate skills and competencies available to oversee strategies designed to respond to climate-related risk and opportunities through the Governance and Co-operative Identity Committee (GCIC). The Board uses a skills matrix to define the optimal composition of the Board reflective of its current and future needs in consideration of our strategy and risk profile, and the Board's oversight responsibilities and succession. On an annual basis, directors complete a self-assessment of their skills against the various competencies of the skills matrix which includes sustainability as one of the competencies and encapsulates trends, risks and opportunities for the organization including climate. The GCIC also considers various education opportunities for the Board to be scheduled through the year with annual recommendations from the Sustainability Committee on sustainability and climate-related topics. For example, the Board received an education session on financial resilience exploring how Canadian household financial vulnerability and financial stress intersects with climate change and extreme weather events. There is also a requirement to complete a sustainability eLearning course for all new directors.

***Management level***

The governance of climate change cascades down from the Board and its committees to the senior management team, which is responsible for the execution of the corporate strategy. The senior management team allocates resources and ensures the organization has the capabilities to meet its climate-related targets and helps clients understand and manage their climate-related risks. From the senior management team, mandates for climate action continue to cascade down to various business areas.

Sustainability metrics are included in the Chief Executive Officer (CEO) and senior management's long-term incentive plan (LTIP). Senior management refers to VP level and above. These metrics account for 15% of the LTIP with 10% relating directly to climate-related targets. 5% is related to our target on the percentage of invested assets in impact, transition and resilience investments and 5% is related to our operational emission reduction targets.

The Climate Executive Leadership Committee (CELC) provides strategic direction and oversight on climate-related risks, opportunities and public disclosures. The committee meets monthly and is led by the EVP, Finance and Chief Financial Officer. The mandate, accountabilities and responsibilities of the committee were formalized within our Management Governance Structure in 2025.

The Management Investment Committee provides strategic direction and oversight of the investment, hedging, and asset liability management activities. This management committee is responsible for regular reporting to the Risk Committee, ensuring that climate and sustainability impacts of our investments are a focus area. The execution of our investment strategies is largely performed through our subsidiary, Addenda.

The Resilience Investing Executive Steering Committee provides guidance and decision-making for the Resilience Acceleration Lab. This committee acts as a champion and advocate for the Resilience Acceleration Lab at the senior management level and is accountable to ensure the benefits of the project are realized. The committee meets monthly and is led by the CEO. The mandate, accountabilities and responsibilities of the committee were formalized within our Management Governance Structure in 2025.

The Management Risk Committee is a strategic decision-making body responsible for understanding and acting on the risks faced by our organization, including climate-related risks. It helps to set the tone at the top for a strong risk culture and supports our ERM mandate.

The Management Insurance Risk Committee retains oversight and final decision-making authority for items related to insurance risk, including risks derived from climate change.

Co-operators Sustainability and Citizenship department also plays a key role in supporting initiatives at the management level. The team is tasked with supporting the embedment of sustainability into strategy and the integration of sustainability principles throughout the organization, including our investment and insurance related functions. This includes a focus on climate-related activities.

**Activity during 2025**

Several developments and initiatives were enacted in 2025, including:

- Set a new target to increase investments allocated to climate solutions to US$3 billion by year-end 2030 from a year-end 2024 base year of US$2 billion.
- Developed a strategic roadmap to guide our actions towards our 2030 sustainable investing targets.
- Formalized the mandates for the Climate Executive Leadership Committee and the Resilience Investing Executive Steering Committee.
- Developed an enterprise-wide Climate Transition Plan to guide our actions in managing climate-related risks and opportunities.
- Developed a Climate Risk Management Framework to supplement our ERM Framework.
- Began efforts to measure insurance-associated emissions for our auto and commercial portfolios within our property and casualty (P&C) operations.
- Continued preparations for OSFI Guideline B-15 as well as the Climate Risk Returns and completed the Standardized Climate Scenario Exercise.

***Business Operations: Climate-related roles and responsibilities***

Below are some examples of the climate-related roles and responsibilities within our business operations. This demonstrates our approach to embed sustainability across the organization as a means of achieving our organizational purpose and strategy. This list is not exhaustive, and we expect these roles and responsibilities to evolve as we continue the implementation of resilient business practices and our journey to net zero.

**Sustainability and citizenship** – Drive integration of sustainability principles, including climate considerations, into strategy and across the organization, particularly into investment, operations and insurance-related functions.
**Enterprise strategy and planning** – Incorporate climate and sustainability-related considerations into strategic planning, including setting objectives, metrics and targets.
**Underwriting and actuarial** – Develop underwriting strategies related to managing climate-related risks. Calibrate climate-related risk such as flood and wildfires. Continue to develop climate scenario methodology, test and report outcomes.
**Pricing and product development** – Embed climate factors into product pricing. Continue to innovate products that encourage resilience.
**Reinsurance** – Consider the impact of climate change on risk appetite and reinsurance.
**Claims** – Develop and implement more sustainable practices to reduce emissions and waste, primarily executed through our property and casualty operations.
**Investment** – Enact Co-operators climate commitments in our investing strategy and policy for our own invested assets.
**Asset management** – Embed sustainability principles into investment solutions available for institutional clients and high-net-worth investors. Contribute to climate strategy through public policy advocacy and industry engagement.
**Enterprise risk management** – Integrate climate-related issues into risk appetite, Own Risk and Solvency Assessment (ORSA) reporting and OSFI Guideline B-15 readiness.
**Financial reporting** – Produce climate-related financial disclosures, monitor disclosure standards and regulations.
**Human resources** – Adapt executive compensation programs for inclusion of climate-related metrics.
**Information technology** – Work to reduce emissions and minimize other impacts on the environment through sustainable practices such as cloud storage, reduced energy consumption and increasing the useful life of equipment.

## Strategy

Confronting the climate crisis is a key component of the organization's strategy. We strive to invest our assets and operate our businesses for positive impact, to offer products and services that build resilience, and to advocate for policies, initiatives and ideas that will move our society towards a more sustainable future. More information can be found in our climate commitment on our website.

### *Risks and Opportunities*

We have identified the following climate-related risks that are currently impacting or could reasonably be expected to have a material financial impact on our organization in the future. The time horizons used align to our strategic decision-making planning horizons and are defined as the following:

Short term: 1 year
Medium term: 2-5 years
Long term: 6+ years

| Risks | Type | Entity | Description and Response | Time Horizon |
|---|---|---|---|---|
| **Increase in frequency and severity of extreme weather events** | Physical | P&C | Climate change has led to a trend of increasing claims in our property and casualty insurance portfolio. While there is variation year over year, the trend in major event claims from severe weather has increased. Without building resilience, this trend will lead to an increasing protection gap between insured losses and total economic losses. Broadly passing these additional costs on to policyholders is not a sustainable business model nor consistent with our purpose. Our ability to maintain and grow profitability is highly dependent on our ability to accurately estimate and price for these extreme weather events and to mitigate losses effectively to the best extent possible, by investing in, advocating for, and enabling climate resilience. | Current |
| **Affordability and availability of property coverage** | Transition | P&C | Climate change has led to higher premiums and reduced reinsurance availability across the industry, affecting property coverage affordability and availability. We aim to manage this risk through innovative claims processes that strive to reduce costs and product innovation that enables resiliency for our clients. Also, we participate in industry adaptation and prevention projects to better understand how we can partner with other institutional stakeholders to reduce the probability of losses related to extreme weather events and their corresponding impact on premiums and coverage for our clients. | Current |
| **Risk exposure accumulation** | Physical | P&C | Risk exposure accumulation is concentration of insured risks in one location that can lead to large losses from a single event or peril. One of the biggest drivers of our insured losses is due to changes in exposure. To help manage this risk, we have invested resources into tools such as through our Climatic Hazards and Advanced Risk Modelling (CHARM) platform to ensure that our understanding of our risk exposure is as accurate as possible. We use this understanding to support profitability and the preparedness and resilience of our clients and communities and to assess new areas of unmet needs of Canadians. | Current |
| **Regulatory** | Transition | All | The expansion of regulatory requirements, such as OSFI Guideline B-15, has created the need for expanded professional knowledge and skills which has led to increased costs to maintain compliance. Additionally, the amendment to the Competition Act through Bill C-59 which introduced anti-greenwashing provisions increases risk as failure to comply can yield substantial fines. We have invested in upskilling and added resources to address the gaps that these new regulations are presenting. Further, as Canada faces challenging socioeconomic conditions and shifting political landscapes, it is unclear how governments and regulators will manage these pressures. We face the risk of additional or changing regulations that we must be prepared to manage. | Current |
| **Reputation** | Transition | All | There is potential for our reputation to suffer and have a negative impact on our business results stemming from divergent societal views on climate change and other sustainability-related matters. Varying expectations from a broad range of interested parties can pose a risk to our ability to succeed in achieving our strategic climate goals in pursuit of our purpose. | Current |

| Risks | Type | Entity | Description and Response | Time Horizon |
|---|---|---|---|---|
| **Third-party** | Transition | All | All organizations have their own set of priorities. While climate initiatives play a key role in Co-operators' strategy, we do not operate in isolation. There are inherent risks to our success through our third-party relationships including investees, vendors, customers, regulatory bodies, etc. By identifying and gathering information on potential risks from third-party sources, we can look to mitigate the impacts third parties may have on us achieving our climate targets. Continuing to advocate for positive climate action in our industry will also play an important role to help us limit our third-party risks. | Current |
| **Asset depreciation and lower investment returns** | Transition | All | Climate change may impact the value of our investment portfolio through fluctuating market conditions such as deteriorating credit ratings or reduced yields. This may lead to adverse financial performance for those companies and by extension, us. Addenda factors in climate risk to their investment approach and is in regular dialogue with investees to advocate for increased disclosures of climate risks and management responses. | Medium-term and ongoing |
| **Shifting market demand** | Transition | All | As society transitions towards net zero, shifts in consumer behaviour and demand in various sectors will change. These shifts could negatively impact the performance of our invested assets and/or our business operations and in turn affect our ability to meet our purpose of helping to protect our clients and communities. | Medium-term and ongoing |
| **Legal** | Transition | All | Legal risks relate to the adverse impact that could arise from parties seeking to recover losses suffered from climate change. Globally, there has been an increase in the number of legal challenges brought forward to remedy injury and losses from the consequences of climate change inaction. New laws and regulations may create additional legal risk for insurance providers. | Long-term and ongoing |
| **Increase in mortality and morbidity** | Physical | Life | Climate change may impact our life insurance operations. Specifically, mortality and morbidity could be affected due to rising temperatures and rise in catastrophic weather events. Accordingly, we test adverse mortality and morbidity levels among other factors that may be worsened by the impacts of climate change in our financial condition testing. | Long-term and ongoing |
| **Emerging technologies** | Transition | All | Technology is rapidly evolving as governments and businesses look to mitigate and adapt to climate change. These new technologies can be expensive to develop and implement, putting pressure on businesses and the financial markets to maintain competitiveness and profitability. | Long-term and ongoing |

We have identified the following climate-related opportunities that could reasonably be expected to have an impact on our organization.

| Opportunities | Entity | Description and Response | Time Horizon |
|---|---|---|---|
| **Innovative product solutions** | All | Designing innovative product solutions to enable and empower community resilience is key to achieving our purpose. In recent years, we developed a Comprehensive Water product that covers all Canadians, regardless of their level of flood risk which includes storm surge coverage. We also launched the equivalent flood product for the commercial market, which is a joint coverage that includes sewer back-up. Additionally, our TomorrowStrong™ endorsement for home, farm and commercial policies expands beyond traditional insurance models to help clients rebuild with resilience. | Current |
| **Developing new tools to mitigate climate-related risks for clients** | All | We have invested in building risk expertise, technological capabilities, and strategic partnerships to utilize modelling and analytics that enable us to better assess climate risk. This encompasses several programs, including accurately tracking wildfire progression to enable more timely underwriting actions; expanding and targeting our efforts to notify clients of impending extreme weather events; building tools to more precisely monitor risk accumulation to identify clients at high-risk of being impacted by extreme weather; and developing advanced flood models and simulations to improve flood risk identification and monitoring, and to support targeting of investments that will build climate resilience in communities across Canada. These new tools are used to better inform decisions related to how we design and deliver our insurance products. While these efforts are primarily focused on our property and casualty operations, opportunities to develop tools within our life operations also exist. | Current |
| **Advance advocacy and enhance involvement by stakeholders** | All | Large-scale change will require a collective effort. We have the opportunity to help shape the future through our continued advocacy and demonstrating our climate positive actions within our industry. As part of an ongoing effort to build resilient communities, we have partnered across sectors on research and resources that empower communities to prepare and act ahead of climate-related events. These efforts can yield positive results for our business as there is the potential to reduce costs from claims, help maintain affordable prices for clients and enhance the reputation for our business. | Current |
| **Coalition building** | All | Reaching net zero will require transformational change in our economy. This change can only come about by building alliances and coalitions between industry and government. By pooling the resources and expertise of industry and government, we will have the best chance possible to achieve our long-term net zero goals and succeed in achieving our purpose. | Current |
| **Enhancement of supply chains** | All | We have the opportunity to enhance our supply chains to work with vendors that will aid in the advancement of our climate-related goals. Our property and casualty operations have begun to include more sustainable practices such as drying in place and soft contents cleaning that will reduce waste and in turn reduce emissions from the need to purchase new material. | Current |
| **Operational efficiency – net zero** | All | We achieved our target of becoming carbon neutral in 2020, offsetting 100 percent of our remaining operational scopes 1-3 emissions after efficiencies and reductions were achieved. We have set a target to become net zero in our operations by 2040. To achieve this, we will continue to reduce our emissions and those across our value chain by engaging across the enterprise on our decarbonization pathways. | Long-term |

***Climate Transition Plan***

In 2025, Co-operators drafted a Climate Transition Plan that sets out our ambition to: help protect Canadians against growing climate risks, mobilize our capital toward a resilient, low-carbon future, innovate approaches to claims handling that reduce the environmental impact, and achieve net zero in our operations and investments. The plan outlines our implementation and engagement strategies that will guide our actions, as well as the metrics and targets and governance structures, that will allow us to monitor progress towards the achievement of our strategic climate ambition. The plan will be a supporting strategy that will be integrated into our four-year enterprise strategic plan. The Climate Transition Plan has been informed by the Task Force on Climate-related Financial Disclosures (TCFD) Guidance on Metrics, Targets, and Transition Plans, Transition Plan Taskforce (TPT) Disclosure Framework, the TPT Asset Owners Sector Guidance and the United Nations-led and convened Forum for Insurance Transition (FIT) to Net Zero's Underwriting the Transition.

***Investments***

A core aspect of our overall climate strategy is the management of our investments. This is demonstrated through our membership in the Net-Zero Asset Owner's Alliance (NZAOA) which we joined in 2021. We have set net-zero and asset allocation targets on our investments, including interim targets which are reviewed and updated regularly. In 2025, we set a new climate solutions target that will direct capital towards economic activities considered to contribute to climate change mitigation and/or adaptation. We report progress towards these targets at least annually. Co-operators climate investing strategy is guided by core principles which form an integral part of our broader mandate with Addenda:

- Purpose and vision: We are driven by our purpose to provide financial security for Canadians and our communities and vision to be a catalyst for a resilient and sustainable society.
- Science based: Our positions are aligned with the Paris Agreement and the best available scientific knowledge.
- Leading: We boldly advance leading climate-related investment practices that address climate mitigation and climate resilience.
- Catalyzing: We are active owners and collaborative advocates for enabling public policies and leveraging our resources and capabilities.
- Consistent: We are consistent in our policies and practices across companies and lines of business.
- Continuous improvement: We carry the intention to raise our ambition level through new interim targets regularly.
- Grounded: We consider transition in the real economy and concentrate on what is relevant to our clients, communities and the Canadian economy.
- Accountable: We set clear and ambitious portfolio-wide targets, and are transparent about our own progress, challenges and performance.

Co-operators invests our own assets with the aim to generate competitive financial returns alongside positive environmental, social and economic benefits. We have committed to having 60% of our invested assets in impact or climate transition investments by the end of 2030. Impact investments strive to create both compelling financial returns and positive social and/or environmental impacts that are measured, tracked, and reported. Climate transition investments focus on companies that have climate commitments and are progressing on these commitments. In 2025, we also set a new target to increase investments allocated to climate solutions to US$3 billion by year end 2030 from a 2024 base year of US$2 billion. For more information on our targets, please see the Metrics and Targets section of this report.

Additionally in 2025, we set up the Resilience Acceleration Lab, aiming to demonstrate the need for and viability of private capital to finance climate resilience in Canada. The Resilience Acceleration Lab seeks to build a pipeline of investable resilience and adaptation projects in communities and regions across Canada, taking a whole-of-society approach through innovative, interdisciplinary partnerships. As climate resilience pilots are established and begin to scale, they will be included as part of climate solutions performance tracking.

Through Addenda, we are also an asset manager for both institutional and retail clients and aim to support our clients' efforts to achieve their own net-zero targets. Addenda has been a member of the Net Zero Asset Manager (NZAM) initiative since 2021 and maintains a commitment to regularly report on its net-zero goals and practices.

For more information about Addenda's approach to climate, impact and sustainability, please visit http://www.addendacapital.com.

***Insurance***

To continuously strive towards achieving our purpose, climate-related risks and opportunities are considered within our underwriting operations and business development. We endeavor to offer products and services that are designed to increase protection for Canadians and our communities. As climate risks increase, it is critical that adequate insurance protection is available. In Canada, coverage has historically been limited or unavailable to populations who are most at risk. We continue to offer our Comprehensive Water product, Canada's first flood insurance product to be available to all Canadians, even those at highest risk, and which also covers storm surge. This product is priced according to the individual property's level of risk, which sends an important price signal to the market where the risk is high, in an effort to incentivize risk reduction at both the household and community level. At the end of 2025, over 745,000 Canadian households, farms and businesses were covered through our Comprehensive Water product.

Our TomorrowStrong® coverage offers additional funds to allow clients to rebuild with resilience after a loss. We work with clients to upgrade to wind-, hail- and fire-resistant roofing after a claim, and to take additional preventive loss measures, like installing a water leak detector, sump pumps and surge protectors. Co-operators is the first insurer in Canada to offer this value-added endorsement at no additional cost. It's available on eligible home, farm, and commercial insurance policies.

We are embedding circularity principles into our claims operations to include more sustainable practices such as drying in place, soft contents cleaning, and piloting a bumper and windshield recycling program to help reduce waste.

We continue to innovate and create solutions which allow us to better understand and manage climate-related risks and how they impact our insurance liabilities. Through our Climatic Hazards and Advanced Risk Modelling (CHARM) team, we have developed, and are using, sophisticated risk models to understand our exposure to climate-related risks from natural hazards like flood and wildfire, plan for financial impact of climate-related scenarios, and inform decisions related to how we design and deliver our insurance products. Furthermore, we take the opportunity to share our expertise with others, through consultations that further other organizations' understanding of their own climate-related risks and exposures.

***Advocacy and engagement***

A key element of our climate strategy is advocacy and engagement. Transformational change in the broader economy can only happen through coordinated efforts between governments, industries, and other organizations.

Our investments are a key focus of our engagement strategy. Engagement with companies in our portfolio is carried out by Addenda. These engagement activities involve purposeful dialogue with companies and are intended to drive improvement in disclosure and performance with a focus on emissions reductions as well as enabling aspects of governance, risk management and business strategy. Engagement with leading climate transition companies also helps inform us of climate transition best practices and enables us to encourage others to follow.

We also look for opportunities to support our clients. Our website includes a Resource Centre that provides clients with tips and information including how to stay safe in extreme weather and how to protect themselves and their homes from climate-related events.

We continue to advocate for systematic changes by working in partnership with various organizations such as the Federation of Canadian Municipalities, ICLEI Canada, the Institute for Catastrophic Loss Reduction (ICLR®), Climate Proof Canada, FireSmart™ Canada, the Climate Bonds Initiative, the United Nations-led and convened Forum for Insurance Transition to Net Zero, among others.

We seek opportunities to engage with the government to advocate for policies that support the transition. In 2025, Co-operators and Addenda co-signed a letter to Prime Minister Mark Carney advocating for stronger industrial carbon pricing. The letter urged policies that accelerate decarbonization, provide clear market signals, and support Canada's competitiveness as the global economy transitions to net zero.

Additionally, our President and CEO Rob Wesseling is a member of the Insurance Development Forum Steering Committee and the United Nations Office for Disaster Risk Reduction's Investor Advisory Board. Roger Beauchemin, President and CEO of Addenda, sits on the Advisory Panels of both Climate Engagement Canada and the Institute for Sustainable Finance. The participation by top executives in these advisory roles demonstrates our commitment to advancing our industry to a more sustainable and resilient future.

***Climate scenario analysis***

Climate-related scenario analysis is used to assess the resilience of our climate strategy and business model from the impacts of climate-related risks. The development of these scenario analyses and stress testing tools for insurers continue to evolve and we expect our analyses to change and improve as best practices emerge from the market.

**Property and casualty operations**

Within our property and casualty operations, we continue to refine our climate scenario analysis and stress testing which, starting in 2024, includes the development of long-term scenarios. The potential impacts of climate change on our property and casualty operations include physical risk arising from an increase in frequency and severity of climate events that could disrupt our insurance operations and increase insurance risks. Transition risks are also a factor as the economy shifts to a lower carbon economy and as such, both types of risk are considered in the below scenarios. We have leveraged the "Using Scenario Analysis to Assess Climate Transition Risk" report which was released in 2022 by the Bank of Canada and OSFI to derive transition risk scenarios that are aligned with the Paris Agreement commitments.

**Short-term analysis**

Starting in 2025, climate risk was explicitly quantified as part of our Own Risk and Solvency Assessment (ORSA), a process which considers the company's risks over a one-year timeframe at the 99.5$^{th}$ percentile, and which aligns to the company's capital risk appetite. Both physical and transition climate risks were modeled by examining the variability around climate change assumptions. While the quantification of climate change risk over a single year is not significant in isolation, the inclusion of this risk as part of the ORSA process ensures the company holds capital for climate change risk over and above the capital held for all other risks.

**Medium-term analysis**

This scenario was presented to senior management and the Risk Committee in their Financial Condition Testing (FCT) report which considers a five-year time horizon. This scenario considers catastrophic events from multiple perils. Climate change was also considered to impact our planned major events claims leading to higher reinsurance costs.

The analysis used an internal stochastic catastrophe model which is calibrated based on historical data. All assumptions were modelled nationally, however, physical risk assumptions from some perils are derived using models that consider weather patterns at a more granular level. The assessment of the impacts is performed at the 99$^{th}$ percentile (solvency) and the 95$^{th}$ percentile (going concern) levels of risk. The levels of risk tested are more severe than minimum FCT requirements as we believe that modelling at more severe levels enables us to better plan for, mitigate and respond to these risks. While the result of this analysis concluded that the solvency of our property and casualty operations was not threatened under the tested scenarios, it illustrated the potential negative financial impacts of climate change, which can be reduced with management intervention.

**Long-term analysis**

In 2024, we developed a new long-term analysis which considered a thirty-year time horizon. For physical risk impacts, we chose the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCP) 8.5 scenario to help establish an upper bound on quantification of climate-related physical risk. The analysis was refreshed in 2025 using the current business profile. In 2026, we expect to test alternative scenarios. For transition risk analysis, we selected a range of scenarios from the aforementioned report by OSFI and the Bank of Canada. There is significant uncertainty in our assumptions for both physical and transition risk. While the result of this analysis concluded that the solvency of our property and casualty operations was not threatened under the scenarios tested, it illustrated the negative financial impacts of climate change, which can be reduced with management intervention.

**Life operations**

Within our life operations, we completed a climate change solvency scenario in their FCT report which considers a five-year time horizon. The report was presented to senior management and the Risk Committee. The potential impacts of climate change to our life operations includes increased life and health risks from extreme weather conditions, strengthening of insurance contract liabilities due to adverse experience, higher corporate expenses, and economic disruptions including devaluation of assets exposed to fossil fuel related industries. We expect mortality and morbidity risks to be the underwriting risks most likely to materialize.

The scenario testing for 2025 used more severe shocks to mortality and morbidity than the prior year which allowed us to examine the impact of a more adverse scenario. Both transition and physical risks were considered. Assumptions made include adverse mortality and morbidity levels, higher expenses, higher credit spread/asset default and market value depreciation for assets linked to the fossil fuel industry. The selected scenario is expected to be at least the 95$^{th}$ percentile over the scenario horizon. Sources for this scenario testing used include the recent OSFI standardized climate scenario exercise and the Canadian Institute for Actuaries' Practice Resource Document.

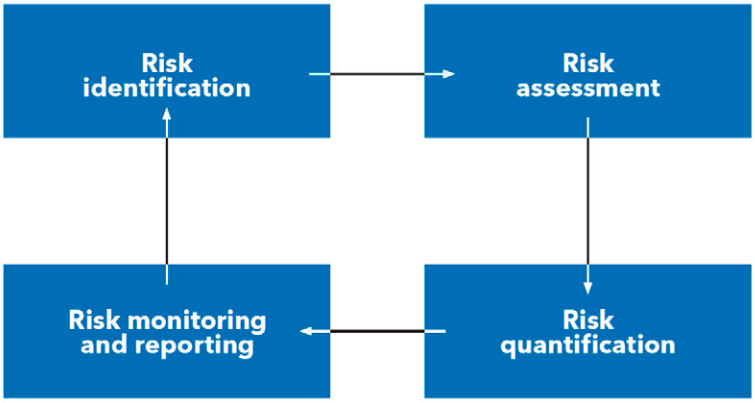
This scenario was calibrated as a solvency scenario. Severe climate change could plausibly challenge the company's mortality and morbidity experience at the level tested. While the results of this analysis concluded that solvency of our life operations was not threatened under the scenario tested, it illustrated the negative financial impacts of climate change, which can be reduced with management intervention.

## Risk Management

Climate-related risks are integrated within the organization's overall risk management framework and related assessment mechanisms. Our risk management practices are influenced by our co-operative identity; we apply a consultative and community-based approach that takes a comprehensive, longer-term view of our business and seeks to incorporate sustainability principles in line with our Sustainability Policy.

Successful application of our ERM Framework results in alignment between our articulated risk appetite, capital plans, business strategies and operating plans. Our climate risk appetite, which was approved by senior management in 2024, is designed to align with the principles set out in the enterprise risk appetite framework. As risks and strategies evolve, our continuous cycle of risk identification, risk assessment, risk quantification and risk monitoring and reporting ensures that we adapt to the changes within our organization and our operating environment. A comprehensive set of risk controls supports our overall ERM approach. ERM integration within the business ensures that enterprise risk management activities do not occur in isolation of business activities and are embedded in our risk culture.

We manage climate risk guided by materiality, ensuring risks are identified, assessed and managed in proportion to their potential impacts on our financial position, operations, and strategic objectives. In 2024, we conducted a financial materiality assessment to identify climate-related risks and opportunities that could reasonably affect financial position, performance, or cashflows. This assessment was conducted through stakeholder surveys and provided meaningful insight into the likelihood and magnitude that a risk or an opportunity could reasonably impact the organization financially.




**Key components of ERM**

- Risk appetite, tolerances, limits
- Capital management

**Risk Controls**

- Risk governance architecture
- Board and risk committees
- Three lines of defence operating model
- Performance management and compensation

**ERM integration**

- Business planning and decision making
- Risk culture
- ERM champions

Through our risk assessment process, we determine if risks are sufficiently mitigated, assess the effectiveness of our controls, acknowledge the dependencies we may have, and discuss alternative mitigation options that may be available to us.

Our risk monitoring and reporting is designed to provide relevant, accurate and timely information on our material risks. For example, our risk dashboard provides a comparison of our risk profile against our articulated risk appetite. Our stress testing exercises, which includes climate-related scenarios, reflect the consideration of the identification and assessment of risk controls to mitigate the exposure.

Top risks are defined as those risks that could prevent us from fulfilling our vision and/or realizing our strategic goals. They are assessed on a residual basis, reflecting the controls we have in place to mitigate our risks. Top risks are refreshed by senior management through the completion of a risk survey and participation in a top risk workshop process on a biennial basis. This was last completed in 2024 and is confirmed annually as part of the ORSA process. Furthermore, our top and emerging risks are synthesized into a report provided to the Risk Committee which highlights the potential impacts of the risk, and why it matters. Climate-related impacts have been identified as one of our organization's top risks over the long term.

We follow a "three lines of defence" model that clarifies the important and complimentary roles that all business units play in the management of risk. This model is designed to support the Board and senior management in fulfilling their obligations with respect to risk management. We seek to apply this approach in managing all climate-related risks.

**First Line**: Owns and manages the risks, establishes risk controls and implements timely risk mitigation. The first line of defence is provided by business units and central functions, who together are responsible for the execution of activities. They have ownership and accountability for:

- Risk identification, assessment, mitigation, monitoring and reporting in accordance with established risk policies and risk appetite
- Timely implementation of corrective actions to address process and control deficiencies
- Ensuring appropriate and adequate capabilities to manage risks within the business
- Alignment of business strategy with risk appetite
- Supporting a strong risk culture

**Second Line**: Oversees, challenges, advises and reports on the implementation of risk management practices within the first line. The second line of defence is not actively involved in the management of the business and resides in functions such as ERM, Compliance, Corporate Governance, Financial Controllership, Legal, Human Resources, Tax and other areas within control and group functions. They are accountable for:

- Providing guidance, tools and support in their area of expertise
- Establishing risk management and appetite frameworks
- Providing oversight for the effectiveness of first line risk management practices
- Monitoring and reporting on the level of risk against the established risk appetite

**Third Line**: Provides independent assurance of the effectiveness of risk management and controls processes within the first and second line. The third line of defence is provided by internal audit. They provide independent assurance to the Board and senior management on the effectiveness of risk management policies, processes and practices. They are accountable for assessing the effectiveness of governance, risk management and controls including the manner in which the first and second lines achieve risk management and control objectives.

***Activity during 2025***

Preparations continued in 2025 to ensure our governance and risk management practices and disclosures meet OSFI Guideline B-15 with implementation required for our organization for fiscal year 2025. This includes the development of a climate risk management framework that outlines the approach used for the management of climate risks faced by the organization and provides an overview of the overarching risk governance, oversight and controls which direct how climate risk management is integrated into our risk management practices.

Work continued to prepare for the OSFI climate risk returns which are required for fiscal year 2025. These returns aim to collect standardized climate-related emissions and exposure data that will enable OSFI to carry out evidence-based policy development, regulation, and prudential supervision as it pertains to climate risk management. These returns will quantify our exposure to potential and realized physical risk and potential transition risk exposures.

***Climate-related risk approach***

Co-operators applies a climate-related risk approach for our investments and our insurance operations. These processes aid in the overall risk management process to minimize the impacts of climate-related risks.

**Investments**

Co-operators' Investment Policy guides our overall approach to investment management including risk management and policies related to sustainability, impact and climate transition investing. The Board carries out the responsibilities of these policies through the Risk Committee. The Management Investment Committee also plays a key role, providing the strategic direction and oversight of the investment activities of the organization. Our investment management firm, Addenda, leads in the implementation of these policies. Addenda aims to continuously monitor the various sustainability, physical and transition climate risks and opportunities relating to their investments. They are committed to evolving their practices and integrating these risks and opportunities into portfolio construction, valuation and risk management practices to improve the resilience and performance of investment portfolios over the long term. Their investment teams work to support this integration and develop a customized approach for each asset class that is aligned with their unique investment processes where applicable.

**Insurance**

Co-operators dedicates significant resources to anticipate and prepare for the many impacts of climate change. We preserve our capital while managing costs through reinsurance risk transfer mechanisms. For our property and casualty operations, reinsurance protections are designed to cover for catastrophes within given exposure limits, thereby protecting our insurance entities from excessive catastrophic event losses. Our insurance companies are responsible for controlling exposures to individual catastrophes and defining reinsurance requirements based on our overarching risk appetite and capital profile. Moreover, our counterparty credit risk exposure is minimized by spreading our reinsurance program across many trusted partners and setting robust financial standards of eligibility.

The materiality and timing of climate-related impacts to our reinsurance arrangements depend on many factors, including global mitigation and adaptation efforts, global climate-related natural catastrophic events, geography of our portfolio, insurance products and coverage, risk type, etc. There is inherent uncertainty in the modeling of natural perils and climate change. Our catastrophe reinsurance strategy is based on a relatively near-term outlook with treaties commonly placed for one-year periods. This is aligned with the short-tail nature of the underlying property and casualty business and our ability to re-price that business annually (and continuously manage the underlying portfolio). However, we recognize climate-related risks are apparent in short, medium, and long-term scenarios and have the potential to impact our profitability and the ability to achieve our purpose. Our property catastrophe reinsurance program helps us manage the financial impact of these events by receiving recoveries from reinsurers when the events are above the attachment point of our reinsurance treaty. Reinsurers are aware of the impact of climate change and use this in consideration of their pricing and offering of reinsurance capacity.

## Metrics and Targets

We monitor several metrics and have set targets to help manage climate-related risks and opportunities relating to our business operations and our investing activities.

***Metrics and targets used to assess climate-related risk and opportunities***

| Metric | Description | Target | Interim target | Base year | Base year results | 2025 results | Change from base year |
|---|---|---|---|---|---|---|---|
| Emissions of our operations (tonnes of carbon dioxide equivalent) | Our target includes scopes 1, 2 and 3 excluding category 15 which is captured in our investment target. | Net zero by 2040 | 45% reduction by 2030 | 2019 | 31,575[1] | **20,275** | **-35.8%** |
| Emissions of our investments (tonnes of carbon dioxide equivalent) | We are targeting our entire investment portfolio to be net zero. Results include scope 1 and 2 emissions of listed equity, corporate bonds and scope 1 from sovereign debt. We do not currently have an interim target on the absolute emissions of our investments but rather we are using the intensity target in the row below to track our progress. | Net zero by 2050 | N/A | 2020 | 485,238 | **572,632** | **+87,394** |
| Emissions intensity of our investments (tonnes of carbon dioxide equivalent per million dollars invested) | To track our progress towards net zero, we have set interim intensity targets. These two targets relate to listed equity and corporate bonds only. | N/A | 25% reduction by 2025 | 2020 | 44.8 | **39.3** | **-12.3%** |
| | | N/A | 40% reduction by 2029 | 2020 | 44.8 | **39.3** | **-12.3%** |
| % of investments in impact or climate transition | The percentage of our total investment portfolio that is invested in impact or climate transition investments, all of which contribute to more resilient, sustainable communities. | 60% by 2030 | 50% by 2026 | N/A | N/A | **60.2%** | **N/A** |
| Amount invested in climate solutions | We aim to increase investments in climate solutions as defined by the NZAOA. | US $3 billion by 2030 | N/A | 2024 | US $2 billion | **US $2.44 billion** | **+US $0.44 billion** |
| # of focused investor engagements | We aim to engage in an ongoing dialogue (at least once every two years) with firms that are the biggest contributors to portfolio emissions about their climate transition plans and actions. | 20[2] | N/A | N/A | N/A | **28** | **N/A** |

[1] Base year result has been restated; further explanation is provided in the Carbon inventory of operations section.
[2] This target is once every two years rather than annually.

### Operational targets

We have a target to reduce the emissions of our operations by 45% by 2030 from our 2019 base year and achieve net zero by 2040. This includes both direct emissions (scope 1) and indirect emissions (scopes 2 and 3), including emissions resulting from corporate offices, retail sales offices, fleet vehicles and business travel. Reflecting our commitment to leadership and to ensure our carbon accounting is aligned with the realities of hybrid and virtual work modes, our target also includes emissions from employee commuting and working from home, and information technology assets and services.

**Investment-related targets**

Our invested assets are a lever we can use to help catalyze climate action for a net-zero future. In 2025, we fell short of meeting our interim target of a 25% reduction of the financed emissions intensity of our investments from a 2020 base year for public equities and publicly-traded corporate bond portfolios. At the end of 2025, we have achieved a reduction of 12.3%. This shortfall was in part because the 2020 base year saw lower than typical emissions due to the economic slowdown during the COVID-19 pandemic. In addition, global and Canadian economies are decarbonizing more slowly than previously anticipated. Our missed target highlights the need to accelerate decarbonization across the economy and improve policy drivers and industry practices. Co-operators and Addenda have been actively engaging with policymakers and companies to accelerate climate transition investments and drive more meaningful corporate progress toward net zero.

A key challenge in financed emissions calculations is the limited disclosures and methods currently applied to green bonds. Green bonds are fixed income instruments that finance environmentally beneficial projects, such as renewable energy, energy efficiency, and climate resilient infrastructure. For carbon inventory purposes, however, they are treated the same as conventional debt, with emissions attributed to the issuer's overall emissions profile rather than the use of proceeds. As green bond issuers span all sectors—including many high emitting companies using these instruments to finance decarbonization, this approach likely overstates associated financed emissions, reflecting a known methodological limitation as standards continue to evolve. In the future, we hope to see more consistency and increased availability of data associated with projects financed by green bonds. In 2025, green bonds represented 19% of total financed emissions in our listed equity and publicly listed corporate bond portfolio. Beyond financed emissions metrics, we also prioritize real economy impacts and climate transition, where green bonds play an important role in directing capital toward investments that support meaningful emissions reductions across the economy.

In 2025, we set a new interim target to reduce the financed emissions intensity of our investments by 40% from 2020 levels by the end of 2029 for public equities and publicly-traded bond portfolios. We continue to strive to reach our target of net zero for our entire investment portfolio by no later than 2050. Along the way, we will set new interim targets and disclose our progress toward these targets.

We have a target to reach 60% of our invested assets in impact or climate transition investments by 2030 and an interim target of 50% by 2026 which was exceeded in 2025; however, this metric will continue to be monitored year over year as our portfolio mix changes. This target is calculated using total invested assets less amounts related to non-controlling interests of pooled funds included within the consolidated financial statements. For 2025, the result of 60.2% (2024 – 52.6%) is equal to $8.7 billion (2024 - $7.1 billion).

In 2025, we set a new target to increase investments allocated to climate solutions to US$3 billion by year end 2030 from a 2024 base year of US$2 billion. Climate solutions investments are defined by the NZAOA as investments in economic activities considered to contribute to climate change mitigation (including transition enabling) and/or adaptation, in alignment with existing climate related-sustainability taxonomies and other generally acknowledged climate-related frameworks.

We have set a target related to our investor engagements as a means of assessing our activity to catalyze climate action that drives corporate boards and management to manage their climate risk and transition their business models. This target is ongoing, and we aim to engage in dialogue with 20 firms, at least every two years, that are the biggest contributors to our portfolio emissions. In 2025, we achieved this target, however, this engagement work will continue to aid the achievement of our long-term targets.

***Co-operators carbon inventory***

The following table summarizes our absolute gross greenhouse gas emissions:

| **Emissions from operations ($tCO_2e$)** | **2025** | 2024[3] |
|---|---|---|
| **Scope 1** | | |
| Corporate offices | | |
| Fuel oil | **5** | 2 |
| Natural gas | **1,167** | 1,260 |
| Fleet | **427** | 410 |
| **Total Scope 1** | **1,599** | 1,672 |
| **Scope 2** | | |
| Corporate offices | | |
| Electricity[4] | **1,995** | 2,187 |
| Steam | **81** | 74 |
| **Total Scope 2** | **2,076** | 2,261 |
| **Scope 3 from operations** | | |
| Category 1 - Purchased goods and services | | |
| IT services | **1,722** | 1,853 |
| Category 2 - Capital goods | | |
| IT assets | **542** | 1,435 |
| Category 6 - Business travel | | |
| Auto travel | **454** | 417 |
| Air travel | **2,928** | 3,104 |
| Category 7 - Employee commuting | | |
| Employee commuting | **3,142** | 2,809 |
| Working from home | **2,987** | 2,919 |
| Category 14 - Franchises | | |
| Retail sales offices | **4,825** | 4,805 |
| **Total Scope 3 from operations** | **16,600** | 17,342 |
| **Total emissions from operations** | **20,275** | 21,275 |

| **Emissions from investments ($tCO_2e$)** | **2025** | 2024[5] |
|---|---|---|
| **Scope 3 Category 15 - Investments[6]** | **572,632** | 531,357 |

| **Total emissions ($tCO_2e$)** | **2025** | 2024[3,5] |
|---|---|---|
| **Total emissions** | **592,907** | 552,632 |

[3] Figures have been restated; further explanation is provided in the Carbon inventory of operations section.
[4] Scope 2 emissions from electricity are calculated using the location-based method. Although there were no contractual instruments in place for the current or prior year for our own electricity consumption, for both years we have purchased renewable electricity certificates (RECs) for our retail sales offices in an amount equal to their total estimated electrical consumption.
[5] Figures have been restated; further explanation is provided in the Carbon inventory or investments section.
[6] Includes scope 1 and 2 emissions of listed equity, corporate bonds and scope 1 from sovereign debt.

## Carbon inventory of operations

### *Performance*

At the end of 2025, our greenhouse gas emissions were 35.8% below 2019 base-year levels (2024 – 32.6% below after restatement). Increases were seen in commuting and working from home, which were related to increased business activity and an increased presence in corporate offices. These were counteracted by a significant decrease in emissions from IT assets, which was the result of a revision a major vendor made to its product carbon footprint methodology, and due to small decreases associated with corporate office energy consumption, air travel and IT services.

In 2025, we continued to work within business areas across the enterprise to identify and implement initiatives that drive us toward our net-zero commitment. We conducted a second targeted IT vendor survey, focused on carbon emissions. We produced an analysis showing that our reduction in air travel emissions (since our base year) could make a significant contribution toward meeting our interim target, if we maintain those reductions over the coming years. The report encouraged a mindful approach to business travel, including consideration of the need to travel as well as travel alternatives, such as taking rail or holding events virtually. Reaching our targets will require a collective effort from across our organization, and the action of society as a whole. We continue to seek opportunities to reduce emissions internally, while advocating for value chain and societal change.

Inventories of our absolute greenhouse gas emissions of our operations disaggregated by our two insurance operations is provided in Appendix 1.

### *Restatements*

The results for 2024 have been restated to 21,275 tCO2e. The results previously published were 21,816 tCO2e. The following changes led to restatements:

- The recommended radiative forcing index of 1.7, replacing the value of 1.9, has been applied to all previous results, including 2024. The radiative forcing index accounts for the non-CO2 effects of air travel. Although scientific evidence of these impacts is still emerging, the UK Government (which publishes flight emission factors) recommends that this factor be applied to all flights. For further information see 2025 Government Greenhouse Gas Conversion Factors for Company Reporting, page 107.
- Updated electricity emission factors to the most recently available data (2023) in Canada's National Inventory Report.
- Updated the results for energy consumption in small corporate offices and retail sales offices, which use the most recently available energy intensity data (2022) derived from Canada's Comprehensive Energy Use Database.
- Updated the results for energy consumption in large corporate offices by incorporating a small amount of measured consumption from the end of the year that was previously estimated.
- Corrected the square footage figure that is used to prorate energy consumption for one corporate office.

The results for our base year, 2019, have also been restated due to the change in the radiative forcing index for air travel emissions described above. The previously published base year result was 32,126 tCO2e, and the restated base year result is 31,575 tCO2e. Although this change did not exceed the significance threshold of our base year recalculation policy (5%), in alignment with our policy we have optionally chosen to restate our base year result to ensure the consistency of our results over time and to strengthen the integrity of our results relative to our target.

### *Carbon neutrality*

In 2020 we were carbon neutral in our operations relative to our boundary at that time, and since 2021 we have maintained carbon neutrality relative to our revised boundary. Carbon neutrality is achieved through the following:

- Purchases of renewable electricity certificates (RECs) and carbon offsets specifically for our retail sales offices to make them 'carbon neutral'.
- Purchases of carbon offsets in an amount equivalent to the remaining total of our scopes 1, 2 and 3 emissions.

We require that the carbon offsets we purchase be verified to a recognized verification standard, aiming to ensure additionality, accuracy, permanence, and the absence of significant social or environmental harm. Beyond verification, we conduct a scan of media, academic writing and non-governmental organization assessments of offset projects, and we avoid any offsets from projects where there is evidence that calls into question the quality of the offsets. The offsets we use are also included on public registries to confirm that they are unique and not double-counted. Our purchases in 2025 included:

- RECs for our retail sales offices that align with the estimated electricity consumption of those offices in 2025. The renewable electricity is Ecologo® certified, and the majority is sourced from the same regional power grid.
- Carbon offsets from two clean water projects to compensate for emissions from other energy sources of our retail sales offices (natural gas and fuel oil) in 2025, one in Zambia and one in Ethiopia. Each of these projects uses the Gold Standard Technologies And Practices To Displace Decentralized Thermal Energy Consumption versions 2-3.1, which is a methodology approved by the Integrity Council for the Voluntary Carbon Market. These projects have been verified and certified to the Gold Standard and represent greenhouse gas emission reductions.
- Carbon offsets from an asset reuse project to compensate for our remaining scope 1, 2 and 3 emissions in 2024. This project uses the documentation for the U.S. Environmental Protection Agency's Waste Reduction Model (WARM) as a quantification approach and has been verified to the ISO 14064-Part 3 standard. These carbon offsets represent greenhouse gas emission reductions.

Additional carbon offsets will be purchased in 2026 to compensate for our remaining scope 1, 2 and 3 emissions in 2025.

***Methodology***

**Approach and boundary**

Our greenhouse gas inventory is calculated using the operational control approach, as outlined by the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol. The organizational boundary of this inventory includes data from companies listed in "About this report', with the exception of PMHC, Edge, SEB and CDA and accounts for 98.4% of our operations by revenue. The estimated emissions of the excluded companies fall below our significance threshold.

Carbon dioxide, methane and nitrous oxide are included in all emission totals, where relevant. Scope 1 emissions are direct emissions from our organization's owned operations, including company-owned or controlled vehicles and buildings. Scope 2 emissions are indirect emissions from purchased electricity, steam, heating, and cooling. Scope 3 emissions are all other indirect emissions generated throughout our organization's value chain. Location-based scope 2 electricity emissions reflect the average emissions intensity of the electricity grid where the consumption has occurred. Market-based scope 2 electricity emissions reflect the emissions from electricity that we have selected through contractual instruments, such as RECs. Beginning in 2022, we no longer purchase RECs for our corporate locations, so our location-based and market-based emissions are the same. We continue to purchase RECs for our retail sales office locations, which fall within our scope 3 emissions. The market-based emissions resulting from these purchases are taken into account in determining our net carbon emissions.

Having met our goal to become carbon neutral by 2020, in 2021 we revised our carbon inventory. Scope 1 and 2 emissions were adjusted to include an estimate of emissions from smaller offices, which were previously excluded. We expanded the emissions sources that are included in scope 3 to include retail sales offices, service offices, IT services, IT assets, commuting and working from home; business travel by air and auto were previously included and remain so.

We selected 2019 as our updated base year to ensure we had complete and accurate data, to the extent possible, for each of the new sources included in our inventory. It is also the base year against which we will measure our progress on our goal of being net zero in our operations by 2040.

The scope 3 categories below have been excluded from the inventory because they are not relevant for our business under current methodologies:

- Upstream transportation and distribution (category 4)
- Upstream leased assets (category 8)
- Downstream transportation and distribution (category 9)
- Processing of sold products (category 10)
- Use of sold products (category 11)
- End-of-life treatment of sold products (category 12)
- Downstream leased assets (category 13)

The following emission sources were assessed and deemed to be immaterial:

- Fugitive emissions from buildings (scope 1)
- Fugitive emissions from fleet vehicles (scope 1)
- Emissions from building generators (scope 1)
- Upstream emissions from fleet vehicles (scope 3 category 3)
- Waste from corporate offices (scope 3 category 5)
- Wastewater treatment (scope 3 category 5)
- Business travel by train (scope 3 category 6)
- Business travel in rental vehicles (scope 3 category 6)
- Commuting by public transit (scope 3 category 7)

We expect that the scope 3 sources below are material, but they are not included in our inventory at this time due to lack of data availability, on-going development of internal systems and processes and forthcoming methodologies for emissions accounting:

- Purchased goods and services (except IT services, which are included in our inventory) (scope 3 category 1)
- Emissions associated with claims activities (scope 3 category to be determined as methodologies are developed)
- Insurance-associated emissions i.e. emissions related to our underwriting portfolio (scope 3 category 15)

We have begun to work on the possibilities of tracking claims-associated emissions through our resilient and sustainable claims options, and we continue to track global developments in emissions accounting. In 2025, we began efforts to measure insurance-associated emissions related to our auto and commercial portfolios within our P&C operations. We will continue to explore opportunities to expand on our inventory.

**Consumption measurements and calculations**

Energy consumption data (electricity, steam and natural gas) for larger corporate offices were obtained from utility bills and building management company records and prorated based on area occupied. Energy consumption in smaller corporate offices and retail sales offices was estimated using office area and energy intensity. Energy intensity figures for each province or region were derived from the Comprehensive Energy Use Database published by Natural Resources Canada. The most recently available results were for 2022, and these were used for subsequent years (2023-2025).

Business travel activity (kilometres of air and auto travel) was collected from internal accounting systems.

IT services were measured via spend. IT services included cloud services, software, external data centres, hosting and telecommunications; it excluded consulting, outsourced staffing and hardware that was included in IT assets. IT assets included counts of laptop computers, monitors and printers.

Energy use associated with working from home was estimated using human resources records and energy intensity figures from Estimating Energy Consumption & GHG Emissions for Remote Workers by Anthesis. Commuting fuel consumption was estimated using data from an employee commuting survey conducted in 2023 and human resources records.

Electricity, natural gas, fuel oil and gasoline consumption figures were converted between units using the unit conversion factors in the National Energy Board's Energy Conversion Tables. Steam consumption was converted to natural gas consumption using the unit conversion factor in ENERGY STAR® Portfolio Manager - Portfolio Manager Technical Reference: Thermal Conversion Factors and the efficiency factor in the EPA's Emission Factors for Greenhouse Gas Inventories, table 7.

**Emissions calculations**

All emissions were calculated using the global warming potential (GWP) values for the 100-year time horizon, from the IPCC Sixth Assessment Report, 2021 (AR6). In 2024, at the recommendation of the Greenhouse Gas Management Institute, the 100-year GWP used for methane was changed from the $CH_4$-non fossil figure provided in Chapter 7, to the $CH_4$ figure provided in the Supplementary Material. This resulted in a very small change to the base year result that did not require a restatement.

Emissions from fuel oil, natural gas, gasoline, and electricity were calculated using emission factors from Environment and Climate Change Canada's National Inventory Report 1990-2023: greenhouse gas sources and sinks in Canada.

Emissions from air travel were calculated using the emission factors in Greenhouse Gas Reporting: conversion factors 2025, published by the government of the United Kingdom (UK). These emission factors were adapted to use the AR6 GWP values. Although air travel emission factors were released in 2023 and 2024, they incorporated 2021 UK flight load factors that were very low, causing the emission factors to be higher. Load factors for Canadian flights do not align with the 2021 UK data, so we selected the 2022 emission factors for use in our inventory for 2022 to 2024. The emission calculation uses a radiative forcing index of 1.7, as recommended in the emission factor source document.

Emissions from IT services were estimated using the published emissions of 23 of our largest vendors by spend, representing 77.5% of our spend in this category. These vendors' emissions were allocated to us based on our spend and the vendors' total revenue. We used location-based scope 2 emissions, and emissions before carbon offsets to calculate our emissions from these vendors. This allowed us to calculate a sectoral gross emissions intensity rate in tonnes of CO2e (before offsets) per vendor revenue, which we used to estimate emissions from all other vendors.

When determining our net carbon emissions, the selected IT vendors' market-based emissions and purchases of carbon offsets were included in our determination, along with our own purchases of RECs and carbon offsets. To be conservative, we assumed all other vendors did not purchase any renewable electricity or offsets.

Emissions from IT assets were calculated based on manufacturer carbon footprint documents; where carbon footprint documents for a specific make and model were not available, carbon footprints for products of similar make and model were used, to the extent possible.

**Carbon inventory of investments**

The following table summarizes our absolute gross financed emissions disaggregated by scope and by asset class:

| | **December 31, 2025** | | | December 31, 2024[9] | | |
|---|---|---|---|---|---|---|
| | **Scope 1** | **Scope 2** | **Total[7]** | Scope 1 | Scope 2 | Total[7] |
| **Scope 3 from investments** | | | | | | |
| Listed equity | **72,004** | **11,385** | **83,389** | 81,743 | 3,091 | 84,834 |
| Corporate bonds | **180,363** | **13,420** | **193,783** | 166,777 | 3,432 | 170,209 |
| Sovereign debt[8] | **295,460** | **not measured** | **295,460** | 276,314 | not measured | 276,314 |
| **Total emissions from investments (tCO2e)** | **547,827** | **24,805** | **572,632** | 524,834 | 6,523 | 531,357 |

[7] We do not yet track scope 3 emissions from our investments due to current limited data availability and quality.
[8] Sovereign debt refers to the PCAF asset class. We do not yet track scope 2 or 3 emissions for sovereign debt due to current limited data availability and quality. These figures are preliminary given rapidly evolving methodology and data availability.
[9] Figures have been restated; further explanation is provided in the Carbon inventory of investments section.

We track, monitor and report on the carbon inventory of our investments and seek to manage the climate-related risks and opportunities associated with our investment portfolio. The carbon footprint of our investments represents the GHG emissions produced by companies in our owned listed equity, corporate bond and sovereign debt portfolios, which are presented in tCO2e. We include both scope 1 emissions (direct GHG emissions) and scope 2 emissions (indirect GHG emissions from electricity, steam, heat and cooling). We do not yet track scope 3 emissions from our investments due to current limited data availability and quality.

***Restatements***

The results for 2024 have been restated to 531,357 tCO2e. The results previously published were 518,801 tCO2e. The restatements are related to using more timely emissions data reported and/or estimated by issuers in 2025 for the year ending December 31, 2024. The previously reported results used more outdated emissions data available at the time of analysis (e.g. 2023 or earlier). These restatements relate to listed equities and corporate bonds only; there have been no restatements relating to sovereign debt.

***Methodology***

We use the Partnership for Carbon Accounting Financials (PCAF®) methodology to calculate our financed emissions. The following outlines key data sources, assumptions and methods applied in our approach.

Data sources used were:

- Reported and estimated greenhouse gas emissions data from MSCI ESG Research.
- Market and fundamental data from Bloomberg.
- Index data from MSCI and S&P.
- Canada's official greenhouse gas inventory data.
- The World Bank's data for Canada's purchasing power parity adjusted GDP.

Greenhouse gas emissions data are the most recently available at the time of the analysis (2024 or 2023 year-end) and cover scopes 1 and 2 for listed equity and publicly traded corporate bonds and scope 1 for sovereign debt. To improve our data quality score, where emissions-related datapoints were not available or captured by MSCI (e.g. third-party verification of company-reported emissions), we sourced information directly from companies' public reports. All financial data including enterprise value including cash (EVIC), revenue, and asset turnover data are from Bloomberg as of December 31, 2025.

Asset classes covered include listed equity and publicly traded corporate bonds which includes our Canadian, U.S., and international companies, as well as our Real Estate Investment Trust (REIT) and preferred share portfolios. The financed emissions represent 49% (2024 – 47%) of our total listed equity and corporate bond portfolios. Our sovereign debt emissions represent 100% coverage (2024 – 100%).

The financed emissions calculations included the invested assets of all companies across Co-operators group of companies which are held and managed by Addenda. Co-operators holds private investments which are not covered in our financed emissions calculations; however, these investments are insignificant to the total valuation of the investment portfolio.

**Financed emissions calculations**

Our financed emissions are calculated using the operational control approach in line with our approach for operational emissions. PCAF defines operational control as having the authority to introduce and implement operational policies.

For companies with reported or estimated emissions data from MSCI ESG Research and enterprise value including cash (EVIC) from Bloomberg, we used each company's most recent total scope 1 and 2 emissions, multiplied by the amount Co-operators has invested in the company, divided by the EVIC of the company.

For companies that do not have reported or estimated emissions data from MSCI ESG Research, we estimated our share of the company's financed emissions by multiplying the average carbon emissions intensity at the GICS Sub-industry level using MSCI ESG Research, the GICS industry asset turnover ratios from Bloomberg, and the amount Co-operators has invested in the company (following Option 3c of the PCAF methodology for calculating financed emissions of public equity and publicly-traded bonds).

Due to inconsistent availability of project-level use-of-proceeds data and evolving methodologies, financed emissions for green bonds are currently calculated using the same issuer-level approach as conventional corporate issuances. Data limitations persist not only on the emissions side (such as primary physical activity data related to the construction and operation of underlying projects) but also on the financial side, including transparency on project-level financing structures and allocation of proceeds. As methodologies mature, we will continue to enhance our approach, including engaging with standard-setters and issuers to support improved data availability, disclosure, and more accurate emissions measurement for green bonds.

**Data quality**

The PCAF methodology includes the concept of a data quality metric. The PCAF data quality score for our listed equity and corporate bond portfolios emissions as at December 31, 2025, were primarily 1 and 2 (relatively high quality) however a portion of the emissions calculation had lower quality scores (3-5). Our weighted PCAF data quality score on our listed equity and corporate bond portfolios was 2.1 (2024 – 2.0). Our weighted PCAF data quality score on our sovereign debt portfolio was 1.0 (2024 – 1.0).

***Major event losses***

Another metric we monitor is major event losses. In 2025, insured damage caused by severe weather events exceeded $2.4 billion in Canada according to the Insurance Bureau of Canada. While this is significantly less than the historic year of 2024, 2025 is still within the top ten highest insured loss years on record. Our property and casualty operations were impacted primarily by four weather-related major events in 2025; a storm across Ontario and Quebec, an Ontario Spring storm, an Alberta hail and windstorm and wildfires in Saskatchewan. These events resulted in losses of $101.4 million, net of reinsurance and reinstatement premiums. While there is variation year over year in our exposure, the trend in major event claims resulting from flooding, wildfires and storm activity shows a marked increase in both the frequency and severity of these events over the past 10 to 15 years.

*"Climate change poses a real and increasing threat to the financial security of not only our business but to our clients and our communities. Climate-related financial disclosures help protect investors and contribute to public confidence in the financial system by ensuring that relevant and accurate information is available. We continue to support standard-setting bodies and regulators that work to establish disclosure standards and frameworks that will foster the resilience of the financial system through increasing climate-related risks."*

**Karen Higgins**
**EVP, Finance and**
**Chief Financial Officer**

## Appendix 1

The following tables summarize our absolute gross greenhouse gas emissions from our operations, disaggregated by our property and casualty, life operations and other operations. As our group of companies share many resources, allocation methodologies were used to facilitate this disaggregation.

| Emissions from operations ($tCO_2e$) | 2025 | 2024[10] |
|---|---|---|
| Property and casualty operations | **15,559** | 16,028 |
| Life operations | **3,843** | 4,224 |
| Other | **873** | 1,023 |
| **Total emissions from operations** | **20,275** | 21,275 |

[10] Figures have been restated; further explanation is provided in the Carbon inventory of operations section.

**Property and casualty operations**

| Emissions from operations ($tCO_2e$) | 2025 | 2024[11] |
|---|---|---|
| **Scope 1** | | |
| Corporate offices | | |
| Fuel oil | **5** | 2 |
| Natural gas | **520** | 611 |
| Fleet | **356** | 323 |
| **Total Scope 1** | **881** | 936 |
| **Scope 2** | | |
| Corporate offices | | |
| Electricity[12] | **689** | 716 |
| **Total Scope 2** | **689** | 716 |
| **Scope 3 from operations** | | |
| Category 1 - Purchased goods and services | | |
| IT services | **1,379** | 1,487 |
| Category 2 - Capital goods | | |
| IT assets | **471** | 1,183 |
| Category 6 - Business travel | | |
| Auto travel | **405** | 373 |
| Air travel | **2,254** | 2,318 |
| Category 7 - Employee commuting | | |
| Employee commuting | **2,779** | 2,441 |
| Working from home | **2,380** | 2,261 |
| Category 14 - Franchises | | |
| Retail sales offices | **4,321** | 4,313 |
| **Total Scope 3 from operations** | **13,989** | 14,376 |
| **Total emissions from operations** | **15,559** | 16,028 |

[11] Figures have been restated; further explanation is provided in the Carbon inventory of operations section.
[12] Scope 2 emissions from electricity are calculated using the location-based method. Although there were no contractual instruments in place for the current or prior year for our own electricity consumption, for both years we have purchased renewable electricity certificates (RECs) for our retail sales offices in an amount equal to their total estimated electrical consumption.

**Life operations**

| Emissions from operations ($tCO_2e$) | 2025 | 2024[13] |
|---|---|---|
| **Scope 1** | | |
| Corporate offices | | |
| Natural gas | **591** | 571 |
| Fleet | **68** | 84 |
| **Total Scope 1** | **659** | 655 |
| **Scope 2** | | |
| Corporate offices | | |
| Electricity[14] | **1,146** | 1,311 |
| **Total Scope 2** | **1,146** | 1,311 |
| **Scope 3 from operations** | | |
| Category 1 - Purchased goods and services | | |
| IT services | **264** | 271 |
| Category 2 - Capital goods | | |
| IT assets | **53** | 141 |
| Category 6 - Business travel | | |
| Auto travel | **38** | 31 |
| Air travel | **464** | 570 |
| Category 7 - Employee commuting | | |
| Employee commuting | **279** | 267 |
| Working from home | **545** | 579 |
| Category 14 - Franchises | | |
| Retail sales offices | **395** | 399 |
| **Total Scope 3 from operations** | **2,038** | 2,258 |
| **Total emissions from operations** | **3,843** | 4,224 |

[13] Figures have been restated; further explanation is provided in the Carbon inventory of operations section.
[14] Scope 2 emissions from electricity are calculated using the location-based method. Although there were no contractual instruments in place for the current or prior year for our own electricity consumption, for both years we have purchased renewable electricity certificates (RECs) for our retail sales offices in an amount equal to their total estimated electrical consumption.

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