

UNEP FI Principles for Sustainable Insurance: Annual disclosure of progress

Launched at the United Nations Conference on Sustainable Development in 2012, the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI) serve as a framework for insurers to consider and address environmental, social and governance (ESG) risks and opportunities. In collaboration with other leading insurers and reinsurers, we were actively involved in the development of these principles and are proud to be a founding signatory, and the first in North America. We are committed to advancing these principles throughout our business and serving as a strong advocate for the principles within the broader insurance industry.

Our progress in advancing the principles in this aspirational framework is discussed throughout our [2025 Integrated Annual Report](#), with specific actions summarized below, including page references in the report.

Principle 1: We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business.

Strategy

In 2025, we produced our tenth Integrated Annual Report, which amalgamates our sustainability, governance and annual reporting and reflects progress made towards our purpose of financial security for Canadians and our communities.

We are more than halfway through our 2023-2026 strategic plan, which has sustainability integrated throughout. One of our strategic objectives is to “use our expertise to support our clients’, members’, and global co-operative community’s advancement towards a sustainable and financially secure future”. We are also guided by our 2030 Enterprise Long-Term Goals, which align with the United Nations Sustainable Development Goals (SDGs) (pages 51 and 95). To ensure we are meaningfully and strategically aligning our organization to the SDGs, we developed a framework to help illustrate our impact as an insurer, an investor, a business, and a co-operative. While we have endorsed all 17 SDGs, we acknowledge that there are key goals and targets where our strategic focus can have more relevant and significant impact (page 95 to 97).

Several trends remain top of mind as we plan for the next phase of our strategic journey (2027-2030), including the intensification of climate risks and the widening protection gap that could leave Canadians exposed to risks and threaten their financial security and resilience. In addition, new trends continue to emerge that will shape our future direction, such as rapid advancements in the use of technologies, including generative artificial intelligence. By anticipating and adapting to ongoing and emerging trends, we are positioning our organization to remain agile and respond effectively to change, deliver on our purpose, and create long-term value for our members, clients and communities.

Governance

The Board of Directors' [Sustainability Committee](#) assists the Board in fostering a culture of and leading practices in sustainability and provides oversight of the sustainability performance of Co-operators. The purpose of the committee is to monitor implementation of the Sustainability Policy, the board Sustainable Meeting Practices and the board sustainability goals, in support 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, including impact and climate investing. The committee, comprised on one representative of each of the other committees of the board, advises the board on the sustainability impacts of key decisions, and monitors and advises on measures to enhance sustainability governance practices at the board and subsidiary boards as applicable.

The Committee meets four times per year, with two additional joint meetings annually. The first is a joint meeting with the management Sustainability Leadership Committee, comprised of executives from across our group of companies. The 2025 joint meeting was held to connect and evaluate progress on sustainability activities embedded throughout the organization and to explore trends and opportunities to continue leadership in sustainability in our industry nationally and internationally. This meeting also involved a design session leading into planning for our next strategic plan, to ensure prominence of sustainability for the 2027-2030 strategic cycle.

The second joint meeting in 2025 was held with the Risk Committee of the board, in support of the board's role in oversight of management of our climate-related risks and strategy. This joint meeting focused on actions and progress around meeting our climate-related investment and operational goals, in addition to consideration of climate-related risks and opportunities in scenario planning and product, underwriting, and financial planning for the organization. For further details see the Governance section of our [2025 Climate Report](#).

Operations

Since 2020, we have maintained our carbon neutral status. In 2021, we set a target to be net zero in our operations by no later than 2040. To incentivize progress and hold us to account, we have linked our net zero operations targets to the long-term incentive plan for all executives (vice presidents and above) (as part of a suite of targets related to social, environmental, or economic sustainability and our co-operative identity) (page 47).

Our zero-carbon headquarters in Guelph, Ontario is designed to support the physical and mental well-being of employees while saving the organization costs and redefining the hybrid workplace. The new building showcases leading-edge sustainability-focused and

energy-efficient features, including a solar energy system that generated over 267,000 kWh of solar energy in 2025 and received an *ENERGY STAR*[®] rating of 91 ¹. (page 52).

Client care

At Co-operators, we value integrity, treating our members and customers with respect. As part of that commitment, we've taken steps to ensure the fair treatment of customers, protect privacy, safeguard information, safeguard clients and our organization from financial crimes, emphasize ethics and accountability, and provide oversight on the ethical use of artificial intelligence (AI) (page 65).

We have also applied a rigorous governance framework to AI through our AI Governance Council and Artificial Intelligence Centre of Excellence, ensuring transparency, fairness and accountability in every application. This includes proactive measures to identify and mitigate risks such as bias, privacy concerns and loss of data integrity, while fostering innovation that enhances client experience and operational efficiency. By embedding ethical principles and sustainability considerations into our AI strategy, we ensure that technology serves as a catalyst for resilience and long-term societal well-being, fully aligned with our vision of being a catalyst for a resilient, sustainable society.

Products and Services

We have embedded circularity into the way we handle claims and are exploring how to further catalyze our industry through ongoing collaborations and partnerships. With practices like drying in place, bumper and windshield recycling, and soft-contents cleaning, we are implementing new technologies and methods that endeavour to shape a non-traditional, less-wasteful approach to insurance in Canada (page 24 to 25).

We offer a range of insurance and wealth solutions that are aligned with our vision of being a catalyst for a resilient, sustainable society. 27.5% of our revenue is aligned with a "resilient, and sustainably and inclusively prosperous" future (pages 51 and 102). We have embedded sustainability features into core insurance and wealth products, such as our Comprehensive Water and TomorrowStrong[™] endorsements and Investment Solutions that focus on impact investing and integrate environmental, social and governance (ESG) factors.

Investments

Our asset management company, Addenda Capital, invests to generate compelling returns while considering the challenges of our time. Addenda offers sustainable investing strategies that aim to foster positive social and environmental changes and open the path to a cleaner future, including impact investing, climate transition funds, and more (page 33).

Our investment strategy focuses on investments that generate strong financial returns alongside positive environmental, social and economic benefits. In addition to running all investments in our portfolio through our sustainable investing policy, we developed a 2030 Impact and Climate Investing Goals Strategic Roadmap in 2025, which outlines our approach to achieving three sets of 2030 investing goals:

Goal 1 - We have committed to investing 60% of our assets in impact or climate transition investments by 2030. In 2025, the share of our investments that were impact or climate transition had reached 60.2%, representing \$8.75 billion (page 36).

Goal 2 - We have committed to investing US \$3B in climate solutions by year-end 2030 from a 2024 base year of US\$2 billion. To date, we have invested US \$2.44B in climate solutions (page 39).

Goal 3 - We have committed to a 40% reduction in financed emissions intensity (tCO₂e/\$M invested) for our listed equity and corporate bond portfolio by 2030 from a year-end 2020 baseline. We have a goal to reach net zero in our investment portfolio by 2050.

We have progressed along our journey in reporting climate-related financial disclosures. For detailed information on climate-related milestones, governance, strategy, risk-management and targets and metrics see our [2025 Climate Report](#).

Community

We contributed to a rich array of community organizations that are building environmental resilience, enriching social wellness, creating a more inclusive economy and championing a co-operative society. Our community investments totaled over \$15.3 million in 2025, supporting organizations that focus on youth and marginalized communities, organizations that are reducing environmental impacts, research into how to build financial security, as well as empowering the co-operative sector (page 71 to 84).

In 2015, we became a Certified Living Wage Employer in Guelph, ON, the location of our head office. We have since adopted a living wage in all provinces and territories, referencing information from government websites and other reliable sources.

The Global Diversity, Equity and Inclusion Benchmark is the global best practice for diversity, equity, and inclusion. Each year, we conduct an enterprise-wide audit to see how we measure against the benchmarks, tracking progress on our IDEA (Inclusion, Diversity, Equity, Accessibility) strategy, and this indicator is part of our overall strategy as well. We've consistently met our targets of increasing our score and, in 2025, we reached an overall baseline of 4.43 out of 5, an increase from 4.20 in the previous year (page 56).

In 2025 we continued to further embed IDEA throughout our organization. Our Talent Acquisition strategy has put a larger focus on IDEA, and we continue to raise awareness through Employee Resource Groups, our Executive IDEA Council and our IDEA Influencers (page 57). To attract candidates from diverse backgrounds, we've partnered with groups such as NPower Canada, the Native Women's Association of Canada, and Specialisterne Canada Inc., which harnesses the talents of people on the autism spectrum or with similar neurodiversities - among other organizations that are improving access to meaningful employment for groups of people who have been marginalized. Our board advanced the IDEA in Governance Strategy through an action plan that incorporates continuous learning, monitoring and improvement (page 89 to 90).

In 2025, we advanced on our Truth and Reconciliation journey through meaningful actions that fostered learning, dialogue, and cultural understanding among our employees and with the broader community. We launched an Indigenous Advisory Council to ensure that Indigenous voices directly shape initiatives, and to foster mutual respect, cultural understanding, and long-term social and economic inclusion. (page 59).

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

With our TomorrowStrong™ coverage, eligible policy holders are provided up to \$3,000 for weather-resistant roofing upgrades and \$1,000 for preventative loss measures like security systems, sump pumps, or surge protectors. 1,570 policies utilized TomorrowStrong in 2025 to rebuild with resilience. (page 26).

We first launched Comprehensive Water – our innovative product solution that protects clients from the risk of flood – in Alberta in 2015 and made it available to all homeowners in Canada by 2018. It offers easy-to-understand, broad coverage (including coastal and storm surge), even in high-risk areas. We were the first company to offer this type of coverage in the Canadian residential property marketplace and have made it available to all risk types and all property types. In 2025, we provided coverage to more than 745,000 Canadian households through Comprehensive Water (page 26).

We raise awareness to prepare communities for climate-related risks. We continue to expand our offering of innovative and sustainable insurance solutions, and to advocate for the importance of addressing risks from a changing climate. Our Climatic Hazards and Advanced Risk Modelling (CHARM) team has made significant investments in research and development to provide strategic insights based on advanced modelling and analytics, including the quantification of our portfolio accumulations across regions (page 108). To support the risk awareness of our clients, we send weather alert emails in advance of extreme weather events and other seasonal weather patterns that may put their property or safety at risk. In 2024, we entered the Home Services Sector through acquisitions of Carson Dunlop, a property inspection and engineering firm, and Custodia, a home management services company. This allows us to support resiliency of Canadians through improved home-purchasing and maintenance decisions and ageing in place confidently and comfortably (page 43).

Regardless of their level of wealth, all clients can benefit from financial advice. With research showing that Canadians lack financial knowledge and don't seek advice, we set out to provide investments and wealth planning and advice services, regardless of current financial status. We continue to offer Co-operators-branded mutual funds and holistic financial solutions for our clients (page 32). We also launched our own financial literacy program, Planning for Life's Milestones, aimed at giving Canadians the financial knowledge and tools they need to navigate moments of big change.

We launched new coverage options that are rooted in the principles of Inclusion, Diversity, Equity and Accessibility: Family Building benefits, Gender Affirmation benefits, Indigenous

Health benefits, and Weight Management benefits. Designed for our group benefits clients and plan sponsors, these new coverages empower employers to support diversity and foster a healthy and productive workforce (page 28 and 97).

We're committed to investing in the resilience of our communities, ensuring they can withstand and recover from shocks, while continuously working to improve the overall well-being of community members. Our Social Impact Framework focuses on four interconnected areas that address different dimensions of community resilience. A few examples of this work include:

- We provided \$150,000 to Prosper Canada in 2024 to fund 2025 research that outlines a roadmap for action by governments, financial services providers and community organizations to address the financial resilience challenges faced by low-income Canadians. (page 75)
- We provided \$100,000 to support Canadian Red Cross's disaster risk reduction work that helps individuals, households and communities increase resilience to risks from natural hazards and climate change in Canada, and we helped businesses, organizations and schools enhance their emergency preparedness through the Ready Rating online tool. (page 75)

Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

We engage with governments and partner with organizations to help transform systems and support policies that will create the conditions to enable financial security and resilience in our communities. We collaborate with the Institute for Catastrophic Loss Reduction (ICLR[®]) and advocate in support of updated building codes across jurisdictions that will build resilience in the context of increased severe weather events. We're also part of the Resilient Homes Task Force working to create evidence-based solutions for more resilient new homes, renovations and homeowner maintenance (page 29).

Our partnerships support the sustainability of our communities to ensure they are prepared and can recover with strength when challenges occur. 2025 marked a decade-long collaboration with Partners for Action (P4A) at the University of Waterloo's Faculty of Environment. P4A is dedicated to advancing flood resiliency in Canadian communities (page 76). In 2025, we were honoured to receive the Friend of the Faculty of Environment Impact Award from the University of Waterloo for transformative contributions that leave a legacy of resilience, equity, and innovation across Canada.

Since 2015, Co-operators has partnered with FireSmart[™] to reduce wildfire risk and build community resilience. As wildfires caused by climate change become a growing threat, even in areas beyond the wildland-urban interface, FireSmart[™] is working across the country to raise awareness and help communities prepare for this rapidly changing risk. 2025 was a milestone year with record growth in applications and awards: 404 communities nationwide

received stipends for events focused on wildfire mitigation, reflecting increased awareness and action on wildfire resilience across Canada.

We are actively engaged with the federal government on the National Flood Insurance Program to influence the design and implementation of the national high-risk flood insurance program. Our efforts have focused on advocating for a program that incentivizes flood-risk mitigation and implements risk-based pricing to guarantee the long-term viability and sustainability of the program. (page 29)

We are working with provincial governments and non-profit partners to unlock resilience opportunities within the modernized Disaster Financial Assistance Arrangements structure to advance climate adaptation.

We are participants in Climate Proof Canada, a multi-disciplinary coalition that advocates for federal priorities on climate adaptation. Through our work, we've contributed insights and expertise to help inform Canada's National Adaptation Strategy and provided material contributions to inform Climate Proof Canada's 2025 national resilience recommendations. In 2025, to accelerate the shift to more climate-resilient communities and economies, Co-operators set up the Resilience Acceleration Lab. It aims to demonstrate the need for and viability of private capital to finance climate resilience in Canada. Since this work first began, we have explored community resilience opportunities including wildfire risk-reducing forest management practices; post-disaster home reconstruction that rebuilds dwellings to be net-zero optimized and climate resilient; and stormwater management improvements that will enable the development of new resilient housing in flood-prone watersheds (page 37).

Co-operators became the first Canadian insurer and second Canadian organization to join the UN-convened Net Zero Asset Owner Alliance, an international group of institutional investors who are working to transition investment portfolios to net zero emissions by 2050 or sooner. Our asset management company, Addenda Capital, has also signed on to the Net Zero Asset Managers Initiative, a global movement of financial institutions managed by six international investor networks.

Both Co-operators and Addenda Capital are also actively engaged in advocacy and stewardship to grow our economy, support an orderly transition towards net zero, protect the biodiversity and well-being of our ecosystems, and drive positive societal outcomes:

- Addenda Capital contributed to the Ceres Valuing Water Finance Initiative's latest analysis on AI data center water risks, in a report highlighting mounting water stress and financial risks for companies and investors. (page 42)
- Addenda Capital joined Nature Action 100 (NA100), a global investor engagement initiative focused on driving greater corporate action to reverse nature and biodiversity loss. (page 42)
- Co-operators supports the Climate Bonds Initiative's (CBI) efforts to develop a global taxonomy to codify resilience investments toward unlocking private investment in climate adaptation and resilience. In 2025, our financial and advisory support helped CBI develop the technical working group and eligibility criteria for an initial sector

(water). The first CBI-certified resilience bond was issued in 2025 by the Tokyo Metropolitan Government. (page 42)

- Addenda Capital and Co-operators cosigned 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. (page 42)

Through Addenda Capital, we are a founding supporter of Climate Engagement Canada, a coalition that now includes 61 institutional investors with approximately \$14 trillion in assets under management. This finance-led initiative is focused on engaging top emitters on the Toronto Stock Exchange who have significant opportunity to transition Canada toward its net zero targets (page 42)

We continue to partner with organizations to champion youth mental health such as Enactus Canada (page 75), as well as many other organizations through Co-operators Community Funds (page 81). In response to an unprecedented number of applications received in 2025, CCF disbursed \$1.72 million to charities, non-profits and social enterprises across Canada

As part of its mandate to support young, underserved Canadians in building their financial security (CCF seeks to foster conditions that increase Indigenous youth representation in the workforce and their ability to compete in the labour market. In 2024, we launched our Indigenous Youth Employability Initiative, a \$1 million commitment to support cultural safety, personal resilience, and employability of Indigenous youth at Co-operators, the broader co-operative sector, and beyond.

Finally, Co-operators actively supported the United Nations International Year of Cooperatives by participating in the Co-operators and Mutuals Leadership Circle (CM50), a coalition of co-operative and mutual leaders from more than 20 countries that was formed by the International Cooperative Alliance. (page 80)

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

As a PSI signatory, we are committed to publicly disclosing our progress in advancing the Principles. This marks our thirteenth year of disclosing progress toward each of the Principles. We invite you to read our [2025 Integrated Annual Report](#) and supplementary disclosures to learn more about our efforts to integrate and embed co-operative and sustainability principles throughout our organization.

ⁱ ENERGY STAR[®] is a registered trademark of the U.S. Environmental Protection Agency, an agency of the United States government