

2030 Impact and Climate Investment Goals

Co-operators Strategic Roadmap



Our purpose:

Financial security for Canadians and our communities

As climate risks and impacts increase, the climate crisis poses a direct threat to our purpose, the financial security of our members, clients, and communities across Canada.

We have a vision to be a catalyst for a resilient and sustainable society.

We support the transition to a net-zero economy and have established net zero targets for our operations by 2040 and our investments by 2050.

To achieve a net zero portfolio by 2050, along with our interim 2030 climate and impact goals, we have developed a strategic roadmap, which reflects our commitment to aligning our investment portfolio as closely as possible with our overall purpose and vision, alongside internationally recognized climate transition and impact frameworks.



Co-operators Portfolio Climate and Impact Goals

Goal 1: Impact and climate transition: To reach 60% of assets under management in impact or climate transition investments by year-end 2030. An interim goal is to reach 50% by year-end 2026.

Goal 2: Climate solutions: To increase investments allocated to climate solutions to US\$3 billion by year-end 2030 with a 2024 base year of US\$2 billion. This includes piloting a climate resilience and adaptation investment strategy in collaboration with Addenda Capital through the Resilience Acceleration Lab*.

Goal 3: GHG emissions intensity target: To reach a 40% reduction in financed emissions intensity (tCO₂e/\$M invested) of listed equity and corporate bond portfolio by 2030 (year-end 2029**) from a year-end 2020.

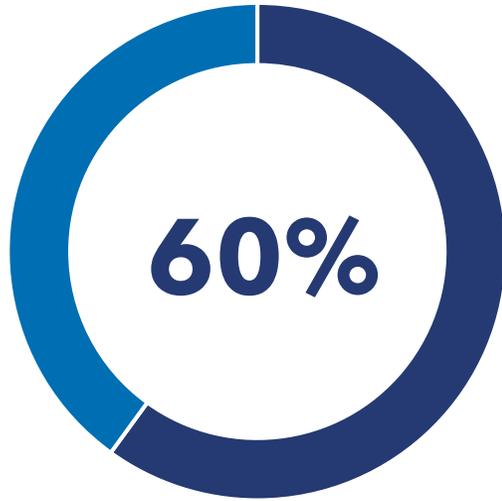
*For more details on Co-operators Resilience Acceleration Lab see <https://www.cooperators.ca/resilience>

**YE 2029 aligns with NZAOA timeline and portfolio decarbonization best practices and YE2030 aligns with Co-operators timing for the existing goal of investments in impact and climate transition.

Goal 1: Climate transition and impact



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2030 Goal

of assets under management in impact or climate transition investments.

Interim goal

50% by year-end 2026

Climate transition: The systemic shift from economic and social systems with high-carbon emissions to those with low-carbon emissions.

Co-operators seeks to transition our investment portfolio to be increasingly represented by assets (companies, projects, etc.) that are actively positioning themselves to thrive and remain resilient through the transition a low carbon emissions economy.



Climate transition maturity framework

Based on globally applied best practice frameworks, we have established criteria that a company must meet to qualify as a climate transition investment. As of 2026, companies must meet a minimum threshold of a Level 2 maturity.

Level 1 - Aware: The company has made limited efforts to report on its climate governance and emissions.

Level 2 - Committed: The company has acknowledged climate change as a business risk and/or opportunity and has shown some efforts to develop its capacity. It has set a climate ambition and started to report on its commitments.

Level 3 - Aligning: The company has improved its operational practices, formalized its governance and oversight of climate change, established quantitative emission reduction targets, and provided comprehensive disclosures on its carbon management practices.

Level 4 - Aligned: The company has implemented a robust decarbonization plan involving strategic alignment of its business practices and financial decision-making with a credible net zero pathway and demonstrates evidence of emission reductions.

Achieving Net Zero: The company has implemented the above and achieved an emissions performance at net zero which can be expected to continue.

Climate stewardship

Our portfolio climate goals cannot succeed if policies, standards and practices do not change in the real economy. We conduct public policy advocacy directly and in collaboration with other stakeholders to advance market-wide climate change actions, transparency and disclosure.

Co-operators and Addenda Capital's strategic engagements with investee companies strive to drive continuous improvement in disclosure and performance on our Climate Transition Maturity Criteria.

Lagging companies that have not shown evidence of progressing toward higher levels of Climate Transition Maturity Criteria are prioritized for engagement. We also engage leading climate transition companies so that we can learn from their best practices and encourage others to follow suit.



Three Pillars of Climate Stewardship

1. Systems-level: Policy and standards advocacy

Example priorities: Standards for climate-related risks for federally-regulated financial institutions; a Canadian transition taxonomy; industrial carbon pricing as the policy backbone for supporting transition.

2. Security level: Engagement

Example priorities: Climate transition and resilience plans; greenhouse gas reductions; Policy & lobbying.

3. Proxy Voting

Example priorities: Board climate oversight; transition plans aligned with scientific pathways.

Further details on climate engagement stewardship priorities can be found at <https://addendacapital.com/Portals/0/stewardship-policy-addenda-002.pdf> and https://addendacapital.com/Portals/0/2024-12-02%20addenda-capital-proxy-voting-policy_2024.pdf

Hard to abate sectors

Part of our transition approach is to phase out unabated* thermal coal across our investment portfolio by 2030.

In 2023, Co-operators adopted a position on investing in thermal coal, which recognizes thermal coal's contribution to climate change and negative health impacts**. From January 1, 2030, onward, for industrialized countries (as defined by the OECD), and from January 1, 2040, onward globally, Co-operators will not hold securities exposed to thermal coal which exceed our Thermal Coal Exclusion Policy Thresholds.

*"Abated" refers to the burning of coal with the capture and permanent storage of some proportion of the resulting greenhouse gases. "Unabated" refers to the burning of coal where resulting greenhouse gas emissions are released directly into the atmosphere. There is no restriction to invest in metallurgical coal which is utilized in the production of steel or cement.

**Net-Zero Asset Owner Alliance Thermal Coal Position can be found at <https://www.unepfi.org/wordpress/wp-content/uploads/2020/11/>



Co-operators Thermal Coal Exclusion Policy Thresholds

Co-operators holdings with exposure to unabated coal-fired generation assets as of December 31st, 2024, represented less than 0.5% of Co-operators' total investment portfolio. We have the following **exclusion thresholds** for thermal coal:

A) Revenues: More than 10% in revenue stemming from unabated thermal coal extraction and development or power generation.

B) Reserves: Unabated thermal coal reserves which are equal to or greater than 100 million metric tons.

C) Generation Capacity: Installed unabated coal-based power generation capacity equal to or greater than 10,000 MW.

Goal 1: Climate transition and impact

Impact Framework

Impact theme	Impact focus areas
Climate change	<ul style="list-style-type: none">• Renewable energy• Low GHG Emissions Energy• Clean transportation• Energy efficiency• Adaptation and Resilience
Community development	<ul style="list-style-type: none">• Credit unions and co-ops• Development financing• Affordable housing• Indigenous economic opportunities
Education	<ul style="list-style-type: none">• Higher education• School boards
Health and Wellness	<ul style="list-style-type: none">• Hospitals• Non-profit seniors housing and social services
Nature and biodiversity	<ul style="list-style-type: none">• Freshwater, oceans• Sustainable food, land• Forests



Developed through global best practices

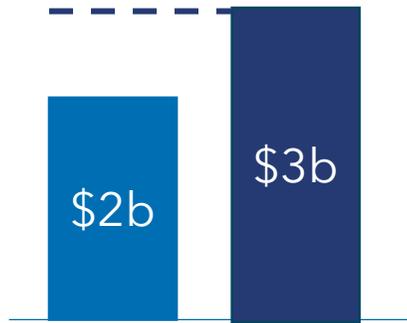
Our 60% climate transition and impact goal relies upon the impact framework developed through global best practices of sustainability and impact definitions, principles, frameworks and certifications, including:

- Global Impact Investing Network
- International Capital Markets Association Green Bond Principles
- Climate Bonds Initiative Taxonomy
- Canadian Mortgage and Housing Association Affordable Housing Guidelines
- LEED, BOMA BEST certifications

An aerial photograph showing a large fire burning through a dense forest. The fire is a bright orange and yellow line that winds across the landscape, with thick white smoke rising from it. The surrounding forest is mostly green, but some trees appear charred or dead. The text "Goal 2: Climate solutions" is overlaid in white on the image.

Goal 2: Climate solutions

Goal 2: Climate solutions



2030 Goal

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 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.



How we identify and qualify climate solutions

Climate solutions investments can be pursued through several channels and through most asset classes:

- **Green revenues** (can also comprise the green revenue proportion generated by investing in companies whose activities and/or products contribute to climate solutions in accordance with authorities' green taxonomies or other recognized frameworks)
- **Green assets** (in compliance with the existing guidelines defined by recognized international bodies such as the ICMA Green Bond Principles, the CBI, among others)

Climate solutions are identified and qualified through our impact investment framework. Investments that align with the Climate Change impact theme – specifically within the focus areas of renewable energy, clean transportation, and energy efficiency – are classified as climate solutions.

We may allocate capital to these investments across a range of asset classes, including corporate fixed income, supranational and sovereign bonds, sub-sovereign and municipal debt, listed equities, commercial mortgages, and alternative or private investments.

Resilience Acceleration Lab

Co-operators, in collaboration with Addenda Capital, has set up the Resilience Acceleration Lab, which aims to demonstrate the need and viability for private capital to finance urgently needed climate resilience in Canada.

The Resilience Acceleration Lab is seeking 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 these will be included as part of climate solutions performance tracking.

For more information on the Resilience Acceleration Lab team and recent research visit cooperators.ca/resilience



Future strategic plans to 2030

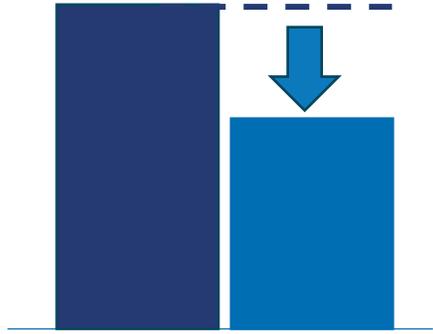
As global standards, definitions, and taxonomies for climate solutions continue to evolve, and as new technologies and innovations emerge to support climate change mitigation and adaptation, Co-operators recognizes that our approach must remain adaptive. Our methodology for defining and investing in climate solutions will continue to evolve across asset classes in alignment with these developments.

A short-term focus will be studying and drawing upon Climate Bonds Initiative's new resilience taxonomy and evolving our climate solutions methods toward more equity investments.

Goal 3: GHG Emissions Intensity

 co-operators

Goal 3: GHG Emissions intensity



2030 Goal

To reach a 40% reduction in financed emissions intensity (tCO₂e/\$M invested) of listed equity and corporate bond portfolio by 2030 from a 2020 baseline.

Net zero by 2050

Co-operators is ultimately targeting our entire investment portfolio to be net zero by 2050. Addenda Capital will track, monitor and report on the carbon emissions of Co-operators' investments and seek to manage the climate-related risks and opportunities associated with our investment portfolio.



Calculating the carbon footprint of our investments

We use the Partnership for Carbon Accounting Financials' (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry's methodology to calculate the financed emissions of investment portfolios. The carbon footprint of investments represents the GHG emissions emitted by companies in owned listed equity, corporate bond and (ultimately) sovereign debt portfolios, which is presented in tCO₂e emitted (tonnes of carbon dioxide equivalents). Both scope 1 emissions (direct GHG emissions) and scope 2 emissions (indirect GHG emissions from electricity, steam, heat and cooling) are included in scope of the calculations.

Future strategic plans to 2030

As data quality and methods evolve, we will advance our carbon emissions analysis and reporting. While we do not currently report on Scope 3 emissions from our investments we very actively engage and encourage companies to report on their material Scope 3 emissions. Disclosure practices are more mature in European-based entities and still more nascent in North America.

By 2030, we aspire to integrate material Scope 3 emissions tracking into our investment analysis and reporting processes, where feasible.

Transparency

Co-operators is committed to transparently reporting progress on our climate and impact goals at least annually within our Integrated Annual Report, in our Climate Report, and on our website.

<https://www.cooperators.ca/en/about-us/sustainability/climate-action-and-advocacy>



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