



*Facing the storm with you*

# *Climate Report* **2025**

# Table of Contents

- Introduction & About This Report.....3
- Governance.....4
- Strategy.....5
- Risk Management .....8
- Metrics and Targets ..... 10
- OSFI B-15 Index ..... 11



# Introduction & About This Report

**At Portage Mutual Insurance, our purpose has always been grounded in protecting what matters most to our policyholders and the communities we serve.**

**W**e take on risk by offering a range of home, business, commercial, and farm products to provide peace of mind to our policyholders. Since 1884, we have supported Canadians through uncertainty and change, helping them understand, manage, and recover from risk. As a mutual property and casualty insurer serving more than 185,000

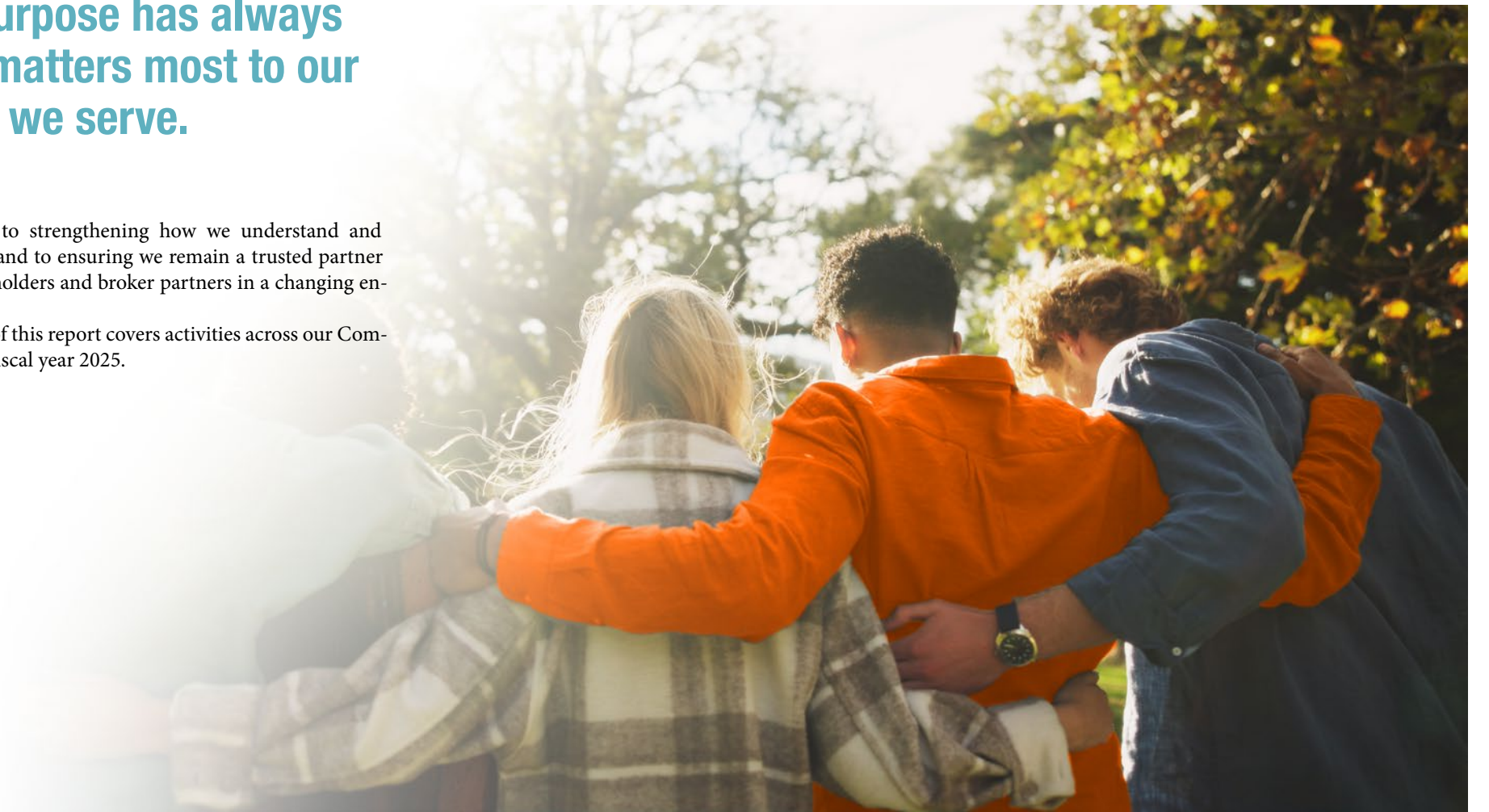
policyholders, we are committed to strengthening how we understand and manage risk, and to ensuring we remain a trusted partner to our policyholders and broker partners in a changing environment.

The scope of this report covers activities across our Company during fiscal year 2025.

**“ ...responding to the impacts of extreme weather and a changing climate is not new to us... ”**

policyholders across Canada, responding to the impacts of extreme weather and a changing climate is not new to us; it is a core part of who we are and what we do every day.

This report marks our first formal climate-related disclosure, developed in alignment with the Office of the Superintendent of Financial Institutions (OSFI) Guideline B-15: Climate Risk Management. However, we view this work as more than a compliance exercise. It reflects our ongoing



# Governance

The Board of Directors has ultimate oversight of climate-related risks and opportunities impacting our business, with certain sub-committees having specific climate risk management responsibilities relevant to their mandates, including:

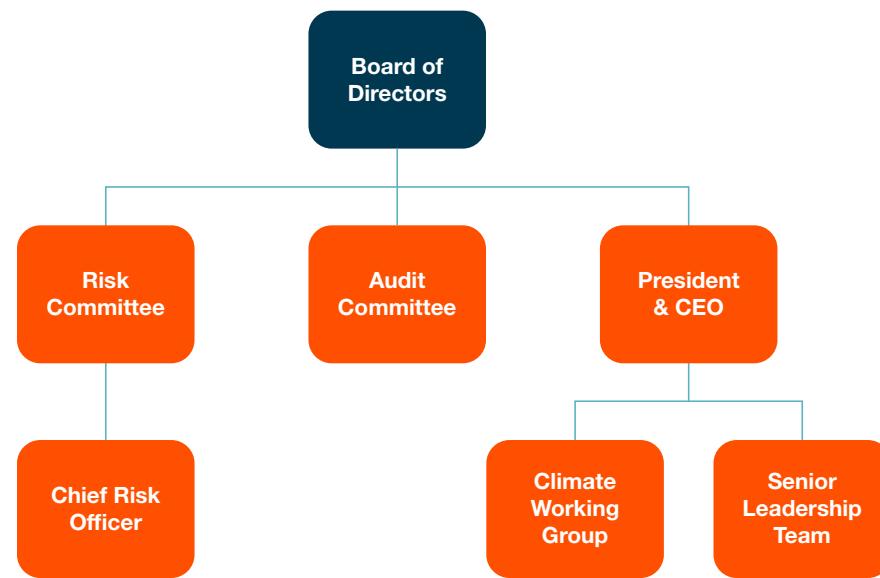
**Risk Committee:** The Committee provides oversight of the Company's climate-related risks as part of its broader responsibility for enterprise risk management. The Risk Committee reviews management's assessment of key current and emerging risks, including climate-related risks, such as physical risks (i.e. increased frequency and severity of storms, wildfires, and floods affecting insured properties), and transition risks (i.e. regulatory changes, shifts in market expectations, or technological advancements related to climate adaptation). They also monitor the status of the climate risk management program, and provides challenge and guidance on risk identification, measurement, and mitigation activities.

**Audit Committee:** The Committee reviews the Company's climate-related disclosures, as well as management's approach to climate-related information, including the evolution of internal processes and controls supporting the collection and reporting of climate-related data. The Audit Committee also maintains awareness of evolving climate and sustainability-related reporting expectations and receives updates from management on developments in regulatory requirements and reporting frameworks.

**At the management level,** the Senior Leadership Team (SLT), which includes the President & CEO, is responsible for setting the direction of our climate strategy, with implementation responsibility falling within the relevant functional groups. To support firm-wide integration of climate risk management, our Climate Working Group, currently comprised of members from risk and finance, including

the Chief Risk Officer and Chief Financial Officer, acts as the central coordinating body on climate matters; responsibilities include facilitating climate education across the organization and for the Board, regular reporting to the Board on climate program progress, staying on top of industry developments, and project management support for climate-related initiatives, as needed.

Figure 1: Climate Governance Structure



## Key activities in 2025 that strengthened our climate governance:

Formalized Roles and Responsibilities	<ul style="list-style-type: none"> <li>Formally incorporated climate risk management responsibilities in Risk Committee and Audit Committee mandates</li> <li>Incorporated climate risk management knowledge in Board self-evaluation survey</li> <li>Added climate risk management responsibilities to Chief Risk Officer job description</li> <li>Established Climate Working Group</li> </ul>
Climate Education	<ul style="list-style-type: none"> <li>The Board and SLT participated in two climate education sessions focused on climate governance and climate risk management</li> </ul>
Internal Controls	<ul style="list-style-type: none"> <li>As we measured our Greenhouse Gas (GHG) emissions for the first time (Scope 1 and Scope 2), we ensured our data collection process was appropriately documented and transparent, and in accordance with industry-recognized methodology and best practices. (See Metrics and Targets for more information on our emissions footprint)</li> </ul>
Accountability and Progress	<ul style="list-style-type: none"> <li>With a commitment to continuous improvement, we established several goals to achieve over the next year to enhance and advance our climate program, including deeper integration of climate risk management across the business, setting quantitative emissions reduction targets, among others (see our Climate Goals)</li> </ul>



# Strategy

Our commitment to policyholders is reflected in our guiding philosophy of Facing the Storm With You. As a property and casualty insurer, understanding and managing the impacts of changing climate and extreme weather has always been central to our business.

Climate-related risks therefore already inform many aspects of our operations, including underwriting, claims management, and long-term strategic planning.

Climate-related risks are generally grouped into two categories: physical risks and transition risks. Physical risks arise from the direct impacts of climate change, including the increasing frequency and severity of extreme weather events such as storms, floods, and wildfires, as well as longer-term shifts in climate patterns. Transition risks relate to the economic and regulatory adjustments associated with the move toward a lower-greenhouse gas economy, including changes in government policy, technology, and market expectations. These risks may also give rise to liability risks, including potential claims or legal actions related to climate impacts.

While physical climate risks have long been embedded in how we assess and manage insurance risk, the broader climate transition introduces additional considerations for insurers and the communities we serve. As our climate program continues to evolve, we are strengthening how both physical and transition risks are considered in our strategy and decision-making. The following section outlines the climate-related risks and opportunities most relevant to our business and how we are currently managing them.

While physical climate risks have long been embedded in how we assess and manage insurance risk, the broader climate transition introduces additional considerations for insurers and the communities we serve. As our climate program continues to evolve, we are strengthening how both physical and transition risks are considered in our strategy and decision-making. The following section outlines the climate-related risks and opportunities most relevant to our business and how we are currently managing them.



## Climate Risks

**Time horizon definitions:** Short term (0–1 year), Medium term (2–5 years), Long term (>5 years)

### Physical Risks

Climate Risks	Time Horizon	Description	Potential Impact <sup>1</sup> and Management Approach
Severe Convective Storm/Windstorm	Short term (0-1 year)	The risk of increasing frequency and severity of extreme weather events as well as longer-term changes in climate patterns.	Increasing frequency and severity of extreme weather events affect our policyholders, our operations, and the communities we serve. For policyholders, these events can result in property damage, business interruption, and broader disruptions to daily life and local economies. For the Company, major weather events can lead to higher claims frequency and severity and place operational pressure on claims and underwriting teams. Responding to these events requires rapid mobilization of internal staff and external adjusting resources to support policyholders during periods of increased demand. Elevated claims volumes can also create operational challenges, including increased workload for employees and a greater risk of fraudulent claims during large-scale events.
Wildfires and Extreme Heat/Drought	Short term (0-1 year)	The risk of increasing frequency and severity of extreme weather events as well as longer-term changes in climate patterns.	Over time, changing climate patterns may also shift geographic risk exposures and loss trends, including in regions that historically experienced lower levels of certain hazards – such is the case with increased wildfire risk in places like Bedford (Halifax), Nova Scotia, where our Atlantic region office is located. These developments may influence underwriting performance, capital requirements, and the affordability and availability of insurance coverage in some markets.
Hurricanes	Medium term (2-5 years)	The risk of increasing frequency and severity of extreme weather events as well as longer-term changes in climate patterns.	Portage Mutual manages these risks through a combination of data analysis, underwriting discipline, pricing practices, capital management, and catastrophe preparedness. Claims and underwriting data are regularly reviewed to identify emerging trends and geographic concentrations of risk, supported by actuarial analysis. Actuarial pricing incorporates internal and external claims experience, as well as catastrophe modelling and climate-related loss trends, with regular pricing reviews conducted across major product lines. We maintain capital targets above regulatory requirements and use excess-of-loss and catastrophe reinsurance to protect against large catastrophic events. Operationally, our Catastrophe Plan enables a coordinated response through internal adjusters across Canada and via established relationships with independent adjusting firms. Underwriting guidelines and strong broker relationships also support loss prevention and risk mitigation among policyholders.
Flood and Extreme Precipitation	Medium term (2-5 years)	The risk of increasing frequency and severity of extreme weather events as well as longer-term changes in climate patterns.	Portage Mutual manages these risks through a combination of data analysis, underwriting discipline, pricing practices, capital management, and catastrophe preparedness. Claims and underwriting data are regularly reviewed to identify emerging trends and geographic concentrations of risk, supported by actuarial analysis. Actuarial pricing incorporates internal and external claims experience, as well as catastrophe modelling and climate-related loss trends, with regular pricing reviews conducted across major product lines. We maintain capital targets above regulatory requirements and use excess-of-loss and catastrophe reinsurance to protect against large catastrophic events. Operationally, our Catastrophe Plan enables a coordinated response through internal adjusters across Canada and via established relationships with independent adjusting firms. Underwriting guidelines and strong broker relationships also support loss prevention and risk mitigation among policyholders.

<sup>1</sup>Consistent with OSFI guidance, we currently provide qualitative information on the potential impacts of climate-related risks and opportunities. As our climate risk management capabilities continue to mature, we will further develop our ability to assess and disclose quantitative financial impacts.

# Strategy

## Climate Risks

### Transition Risks

Climate Risks	Time Horizon	Description	Potential Impact <sup>1</sup> and Management Approach
Changes in Insurance Availability/Demand	Medium term (2-5 years)	As climate-related losses increase or risk exposures change, insurers may need to adjust pricing, coverage terms, or underwriting practices. These adjustments can affect both the affordability and availability of insurance in certain regions and influence demand for coverage.	<p>Increasing climate-related losses may lead to higher premiums or more restrictive underwriting in areas with elevated risk exposure. In some cases, this may affect the affordability or availability of coverage for certain properties or regions. At the same time, greater awareness of climate-related risks may increase demand for insurance protection as individuals and businesses seek greater financial resilience against severe weather events.</p> <p>These dynamics may influence underwriting performance, product design, and overall portfolio risk exposure. We manage these risks through disciplined underwriting practices, product management, and ongoing monitoring of claims and loss trends. Our underwriting policies and manuals establish standards for acceptable risks and identify exposures that should be avoided. Actuarial pricing incorporates evolving claims experience and catastrophe modelling to ensure premiums reflect underlying risk. Regular pricing reviews and ongoing engagement with brokers across our regions also help us monitor customer demand and emerging market conditions.</p>
Changes in Regulations	Medium term (2-5 years)	Governments and regulators may introduce new policies, regulations, or disclosure requirements related to climate change, financial risk management, or emissions reduction. These developments may influence how insurers manage risk, disclose climate-related information, and design products or services.	<p>Evolving regulatory expectations may require insurers to strengthen governance, risk management, and disclosure practices related to climate-related risks. New requirements, such as climate-related financial disclosures or enhanced risk management expectations, may require additional internal resources, data capabilities, and reporting processes. Regulatory changes affecting insurance pricing or coverage availability could also influence underwriting strategies and market dynamics, particularly for smaller insurers like us.</p> <p>We monitor regulatory developments and industry practices to remain responsive to evolving expectations. Over the past year, we strengthened our climate risk management program, developed our inaugural climate-related disclosures with careful consideration of the OSFI Guideline B-15: Climate Risk Management, and began measuring our greenhouse gas (GHG) emissions footprint. We also engaged with industry organizations and initiatives, including the Institute for Catastrophic Loss Reduction and Climate Proof Canada through our membership in the Canadian Association of Mutual Insurance Companies (CAMIC), to remain informed about emerging regulatory and industry developments.</p>
Changes in Asset Valuations/Returns	Medium term (2-5 years)	The transition to a lower greenhouse gas economy may affect the financial performance or valuation of certain sectors and assets. Changes in government policy, market sentiment, or technological developments may influence the value of investments held by insurers.	<p>Transition-related market developments may affect investment performance if asset values or returns change in response to evolving climate policies, technological shifts, or changing investor and consumer preferences. Some carbon-intensive sectors may face increased transition risks, while other sectors may benefit from new opportunities associated with the transition to a lower-carbon economy. These developments may influence the long-term performance of our investment portfolio and overall financial position.</p> <p>We manage investment risks through our Investment Policy Statement and relationships with external asset managers. As part of the ongoing development of our climate risk management practices, we are working to better understand potential climate-related exposures within our investment portfolio. This includes engaging with our asset manager and exploring approaches to assess the GHG footprint associated with our investments (Scope 3 emissions). These efforts will support ongoing evaluation of how climate-related risks and opportunities may affect investment performance over time.</p>
Changes in Litigation	Medium term (2-5 years)	Climate-related litigation or liability claims may arise as governments, organizations, or individuals seek compensation for climate-related damages or challenge how climate risks are managed. These risks may affect insurers directly or through liability exposures associated with insured parties.	<p>Climate-related litigation has historically been less prevalent in Canada than in some other jurisdictions. However, evolving legal interpretations or policy developments may influence liability exposures over time. Legal actions could arise in connection with property damage, environmental impacts, or allegations that organizations failed to adequately manage climate-related risks.</p> <p>For insurers, these developments may affect claims under liability policies or influence how coverage terms are interpreted. We monitor emerging legal and regulatory developments that may affect liability exposures. Claims trends and policy wordings are reviewed as part of our ongoing underwriting and risk management practices, and we maintain engagement with industry organizations and stakeholders to remain informed about developments in this evolving area.</p>

<sup>1</sup>Consistent with OSFI guidance, we currently provide qualitative information on the potential impacts of climate-related risks and opportunities. As our climate risk management capabilities continue to mature, we will further develop our ability to assess and disclose quantitative financial impacts.

## Climate Opportunities

As we continue to strengthen our climate risk management practices, we are also beginning to explore climate-related opportunities.

One area of focus is reducing our operational GHG footprint. Over the past year, we completed our first measurement of corporate GHG emissions, establishing a baseline for identifying opportunities to improve operational efficiency over time. Potential actions include improving energy efficiency in our offices, reducing paper and operational waste, improving employee energy habits, consolidating office space and transitioning our vehicle fleet toward electric or hybrid alternatives.

We are also beginning to explore opportunities to support policyholders through products and services that encourage climate resilience. While product development in this area remains at an early stage, we are assessing how

**“ One area of focus is reducing our operational GHG footprint.**

evolving risk patterns and customer needs may inform future product offerings and delivery approaches. Climate considerations are also helping to strengthen broader discussions within our organization around sustainability, operational efficiency, and employee engagement.



# Risk Management

## Understanding and managing the impacts of weather, natural hazards, and environmental change has long been embedded in our enterprise risk management (ERM) processes.

Climate-related risks are not managed in isolation from other business risks.

Within our ERM framework, climate-related risks, both physical and transition, are recognized as transverse risks. This means they may influence multiple risk categories across the organization, including insurance risk, operational risk, strategic risk, and financial risk. Over the past year, we have taken steps to further formalize how climate considerations are integrated into our risk management program, including clarifying oversight responsibilities (see Governance) and strengthening internal processes for identifying and assessing climate-related risks.

### Risk Management Principles and Policy

Our approach to climate risk management is grounded in the same principles that guide our broader enterprise risk management framework.

Our risk management philosophy emphasizes informed risk-taking and decision-making aligned with our risk appetite and established risk tolerances. Risk management is embedded throughout our organization and supported by a culture that promotes risk awareness and accountability at all levels. This culture is reinforced through leadership

engagement, training, and ongoing communication across the organization.

Risk management is an enterprise-wide responsibility carried out by management and employees and across all

Figure 2. PMI Risk Management Principles



functions. Climate-related risks are therefore considered within the day-to-day activities of our core operations, including underwriting, claims, marketing, finance, human resources, and technology.

We also maintain a system of internal controls and independent assurance designed to support effective risk management. Internal controls are regularly reviewed and tested, with oversight provided through internal audit activities and review by external auditors.

Climate-related risks are also considered within our Risk Appetite Framework, which guides decision-making by defining the types and levels of risk we are willing to accept in pursuit of our strategic objectives. As climate-related risks evolve, we continue to assess how they may influence existing risk appetite thresholds and monitoring practices.

Our ERM framework follows a three lines of defense model.

Figure 3: Three Lines of Defense Model

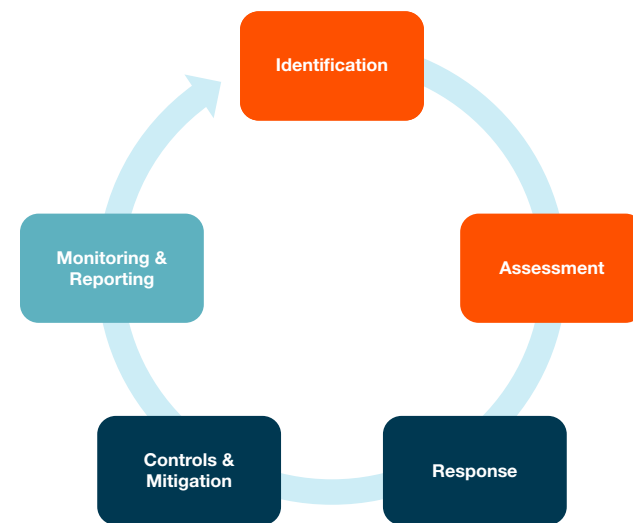


# Risk Management

## Climate Risk Management Framework

Climate-related risks are identified, assessed, and managed in alignment with how other risks are evaluated within the ERM framework. The framework provides a structured approach to risk management across the organization and includes the following stages: risk identification, risk assessment, risk response, controls and mitigation, monitoring, and reporting.

Figure 4: Risk Management Process



Climate-related risks are identified using a range of inputs and tools, including internal risk assessments, catastrophe modelling and scenario analysis, analysis of claims and underwriting data, industry research, and insights from the Risk Committee, Senior Leadership Team and subject matter experts across the organization. External developments, including regulatory expectations, industry trends, and evolving scientific and climate data, are also monitored to support the identification of emerging climate-related risks.

Once identified, climate-related risks are assessed and prioritized using our established risk assessment methodology, which considers both the likelihood and potential impact of risks. Climate risks may also exhibit characteristics that differ from traditional business risks, including longer time horizons or unpredictability in timing and magnitude. As our climate risk management practices continue to evolve, we are exploring ways to better incorporate these characteristics into our risk assessment processes. Identified risks are documented in our risk registers and are subject to ongoing monitoring and review through our ERM program.

We remain committed to continuous improvement in how climate-related risks are assessed and managed. This includes ongoing evaluation of data availability, modelling capabilities, and analytical tools, as well as engagement with industry initiatives and emerging best practices related to climate risk analysis and scenario modelling.

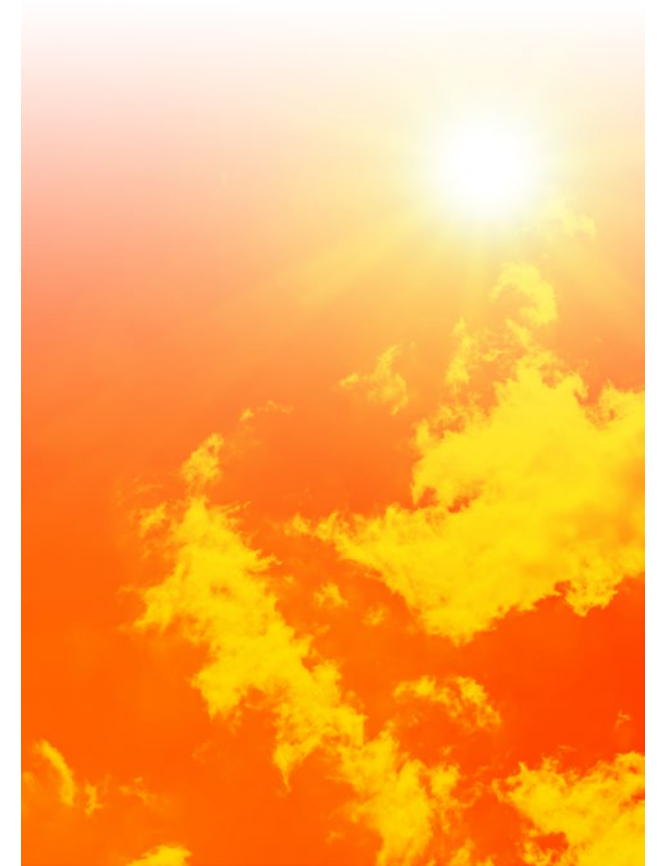
## Scenario Analysis

We participated in OSFI's Standard Climate Scenario Exercise in 2024 and continue to conduct our own scenario exercises to deepen our assessment of climate risks and explore potential opportunities. Our most recent planning exercise conducted in 2025 assumed 10 natural catastrophe events. These climate-related loss scenarios considered historical years of occurrence, severity of losses incurred, and frequency of occurrence of the losses. The type of climate claim events reviewed in these scenarios consisted of a combination of hurricanes, severe convective storms, wildfires and flood.

## Climate-Related Opportunities

In addition to risks, climate change may also present opportunities. We identify potential opportunities through many of the same processes used to monitor emerging risks, including analysis of market trends, evolving customer needs, industry developments, and engagement with peers and industry organizations. Our assessment of our emissions footprint also helps inform where opportunities for operational improvements may exist.

Information on how climate-related risks and opportunities may influence our strategy is provided in the Strategy section of this report. Information on our GHG emissions is provided in Metrics and Targets below.



# Metrics and Targets

## In 2025, we measured our GHG emissions for the first time, focusing on Scope 1 and Scope 2 emissions.

The table below presents our emissions data for fiscal years 2024 and 2025. Establishing this baseline will help us identify opportunities to reduce our operational footprint over time.

In the coming years, we plan to expand our measurement efforts to include Scope 3 emissions and to identify additional climate-related metrics that will help us track performance and progress in managing climate-related risks and opportunities.

### Scope 1 Emissions

Emissions Category	2024 Total Emissions (tCO2)	2025 Total Emissions (tCO2)
Stationary Combustion (Natural Gas and Propane)	153.84	141.35
Mobile Combustion (Fleet Vehicles)	121.34	106.36
<b>Total Scope 1 Emissions</b>	<b>275.18</b>	<b>247.71</b>

### Location-Based Scope 2 Emissions

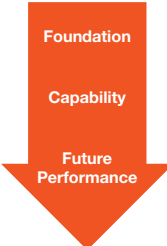
Emissions Category	2024 Total Emissions (tCO2)	2025 Total Emissions (tCO2)
Electricity	151.08	147.74
<b>Total Scope 2 Location-Based Emissions</b>	<b>151.08</b>	<b>147.74</b>
<b>Total Scope 1 and Location-Based Scope 2 Emissions</b>	<b>426.26</b>	<b>395.45</b>

Emissions Category	Definition
Organizational Boundary – Control Approach	Under the control approach, a company accounts for 100 percent of the GHG emissions from operations over which it has control. It does not account for GHG emissions from operations in which it owns an interest but has no control.  Control can be defined in either financial or operational terms. When using the control approach to consolidate GHG emissions, companies shall choose between either the operational control or financial control criteria.
Reporting standard: Greenhouse gas (GHG) Protocol	PMI utilized the GHG Protocol Corporate Accounting and Reporting Standard which provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.
Scope 1 Emissions	These are the direct GHG emissions that occur from sources that are controlled or owned by an organization.
Scope 2 Emissions	These are the indirect GHG emissions associated with any purchases of electricity, steam, heat, or cooling.
tCO2e	Tonnes of carbon dioxide equivalents

### Our Climate Goals

As we continue to build on the foundation laid in 2025, we are focused on deepening our approach to climate risk management in a way that is practical, transparent, and aligned with our values. Our Climate Working Group and

SLT established several qualitative goals, which have been reviewed and approved by the Board. The following priorities highlight the steps we are taking to support continuous improvement over the coming year.

	2026–2027 Goals	
	Embed Climate in the Business	Deepen the integration of climate-related risk considerations into governance, risk management, and business decision-making processes across the organization.
	Build Data, Processes, and Skills	Review the Investment Policy Statement for climate-related risk and sustainability considerations. Deepen experience with Scope 3 emissions.
	Establish Quantitative Targets	Implement climate risk awareness and capability-building initiatives for employees and leadership to support the integration of climate considerations into business decision-making. Develop Scope 1 and Scope 2 emissions reduction targets.

# OSFI B-15 Index

## OSFI Guideline B-15: Climate Risk Management – Disclosure Index

Section	Disclosure Element	Disclosure Expectation	Location	
Governance	a)	Describe the governance body(ies) or individual(s) responsible for oversight of climate-related risks and opportunities.	p. 4	
	b)	Describe management’s role in monitoring, managing, and overseeing climate-related risks and opportunities.	p. 4	
Strategy	a)	Describe the climate-related risks and opportunities the FRFI has identified that could reasonably be expected to affect its cash flows, access to finance or cost of capital.	p. 5–7	
	b)i	Describe the current and anticipated effects of climate-related risks and opportunities on: <ul style="list-style-type: none"> <li>• Business model and value chain, and where they are concentrated;</li> <li>• Strategy and decision making, including direct and indirect mitigation and adaptation efforts; and</li> <li>• Financial position, financial performance, and cash flows.</li> </ul>	p. 5–7	
		b)ii	Describe the FRFI’s climate transition plan.	Not required for this reporting period
		c)	Describe the resilience of the FRFI’s strategy, taking into consideration different climate-related scenarios.	Not required for this reporting period
Risk Management	a)	Disclose information about the FRFI’s processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks.	p. 8–9	
	b)	Disclose information about the FRFI’s processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities.	p. 9	
	c)	Disclose information about the extent to which, and how the FRFI’s processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the FRFI’s overall risk management process.	p. 8–9	
Metrics and Targets	a)	Disclose metrics used by the FRFI to assess climate-related risks and opportunities in line with its strategy and risk management process.	p. 10	
	b)i	Disclose FRFI’s Scope 1 and location-based Scope 2 absolute GHG emissions for the period.	p. 10	
	b)ii	Disclose the FRFI’s Scope 3 absolute gross GHG emissions for the period.	Not required for the reporting period	
	b)iii	Additional and specific information about the FRFI’s Category 15 investments emissions.	Not required for the reporting period	
	c)	Disclose any quantitative and qualitative climate-related targets.	p. 10	
	d)	Disclose cross-industry metrics.	Not required for the reporting period	
OSFI’s Financial Data Website	a)	Additional financial data for property and casualty companies specific to Portage Mutual Insurance can be accessed through the Government of Canada’s – Open Government website:	<a href="https://open.canada.ca/data/en/dataset/4c6c515f-7c44-4bb6-ab56-c5f79f75f705?res_page=1#resources">https://open.canada.ca/data/en/dataset/4c6c515f-7c44-4bb6-ab56-c5f79f75f705?res_page=1#resources</a>	