

Federated Co-operatives Limited



Climate Risk Disclosure Report



This disclosure outlines Federated Co-operatives Limited's (FCL) approach to identifying, managing, and reporting on climate-related risks and opportunities in accordance with the Canadian Sustainability Disclosure Standards (CSDS). The information presented reflects 2024 data and FCL's current governance structures, risk management processes, metrics, and targets. Climate considerations are increasingly relevant to FCL's long-term resilience, operational performance, and ability to create value across the Co-operative Retailing System (CRS). Guided by FCL's vision of building sustainable communities together, this disclosure is intended to provide transparent, meaningful insight into how climate-related considerations are integrated into business strategy, operations, and oversight.

Describes the climate-related risks and opportunities for the corporation based on the following thematic areas:

(A) The corporation's governance in respect of climate-related risks and opportunities

Federated Co-operatives Limited (FCL's) Board of Directors oversee sustainability and climate-related risks and opportunities through the Board Sustainability Committee, supporting the long-term value and resilience of the Co-operative Retailing System (CRS). The Board Sustainability Committee reviews sustainability updates from FCL strategic Business Units on a quarterly basis, providing regular visibility into performance and emerging considerations.

Accountabilities for sustainability and climate are embedded within Board and management governance structures. Senior Leadership owns elevated risks and strategic imperatives that guide annual planning, while the Vice President, Health, Safety & Compliance oversees monitoring and reporting of key sustainability metrics, including greenhouse gas (GHG) emissions. Individual Business Units are responsible for executing the corporate sustainability plan and integrating sustainability considerations into operations.

(B) The actual and potential impacts of climate-related risks and opportunities on the corporation's businesses, strategy and financial planning, if such information is material,

FCL considers climate-related risks and opportunities within its broader enterprise risk management, capital planning, and operational decision-making processes.



Climate considerations are incorporated into operational projects, with a focus on efficiency, cost management, and long-term resilience.

Opportunities to reduce emissions and improve performance are advanced through the Energy Roadmap and related initiatives, supporting informed investment and strategic decision-making.

(C) *The processes used by the corporation to identify, assess and manage climate related risks, and*

Climate-related risks and opportunities are identified and managed through FCL's enterprise risk management processes and management-led planning activities. Strategic imperatives and elevated risks are reviewed by Senior Leadership and the Board, informed by sustainability considerations. FCL continues to enhance its approach to climate risk identification and management as disclosure expectations and business needs evolve.

(D) *The metrics and targets used by the corporation to assess and manage relevant climate-related risks and opportunities, and*

FCL tracks key climate-related metrics through its corporate scorecard, including waste, water, and greenhouse gas (GHG) emissions across the organization and manufacturing operations. These metrics support governance oversight, performance monitoring, and continuous improvement.

In 2024, FCL's Scope 1 and Scope 2 emissions were 1.93 and 0.30 million tonnes of carbon dioxide equivalent (CO₂e), respectively. 2024 emissions decreased by 6 per cent from the previous year (2023) and by 7 per cent from the 2015 base year. The base year serves as a reference point to track and measure FCL's progress in reducing greenhouse gas emissions over time. Emissions are calculated using the World Resource Institute's Greenhouse Gas Protocol guidance as per common industry practice.

Climate-related metrics aligned with Canadian Sustainability Disclosure Standards (CSDS) disclosure expectations are included in governance reporting when material.



Explains how the corporation's governance, strategies, policies and practices contribute to achieving Canada's

(A) commitments under the Paris Agreement made on December 12, 2015, and

FCL has established a target to reduce GHG emissions by 40 per cent by 2030 from the 2015 base year. Progress toward this target is supported through the Energy Roadmap and overseen by the GHG Tracking Taskforce, which prioritizes emissions-reduction initiatives based on impact, feasibility, and financial considerations. Performance is reflected in FCL's Corporate Scorecard.

(B) goal of net-zero emissions by 2050.

FCL supports Canada's long-term climate objectives and continues to take meaningful steps to reduce emissions across its operations. Emissions-reduction efforts are advanced through a range of initiatives, including energy efficiency improvements, fuel switching, electrification, renewable energy assessments, and process optimization.

FCL recognizes that expectations related to climate-related governance, risk management, and disclosure continue to evolve. The practices and disclosures outlined in this report reflect FCL's current state and demonstrate ongoing progress toward strengthening climate oversight, improving data quality, and embedding climate considerations into existing governance and decision-making processes. FCL remains committed to continuous improvement, advancing practical initiatives that support emissions reductions and operational resilience, and enhancing transparency over time in alignment with CSDS requirements and broader regulatory developments.