canopius

ClimateWise Report 2025

REPORTING YEAR 2024/2025

Company number 129591

ClimateWise Principles 2025

PRINCIPLE	THEME	REFERENCE	SUB-PRINCIPLE
1. STEERING TRANSITION	Governance	1.1	Ensure that our Board has oversight of climate- and nature-related risk and opportunity management, including any transition plans.
		1.2	Ensure that our senior management has responsibility of climate- and nature-related risk and opportunity management, including any transition plans.
		1.3	Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.
		1.4	Ensure that our Board and senior management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.
	Strategy	1.5	Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model, performance, strategy, and decision-making processes.
		1.6	Describe how environmental resilience plans are incorporated into business decision-making, including disclosure of any material outcomes of climate risk scenarios.
		1.7	Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.
	Risk Management	1.8	Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks and opportunities.
		1.9	Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.
		1.10	Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.
2. ENGAGING STAKEHOLDERS	Operations	2.1	Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.
		2.2	Engage our employees in our commitment to addressing climate change and nature, helping them to meet this commitment in the workplace and encouraging them to make climate- and nature-informed choices outside work.
	Value Chain	2.3	Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our value chain, which might in turn impact our business.
		2.4	Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services and understand the implications these have on our business.
	Innovate & Advocate	2.5	Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.
		2.6	Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.
		2.7	Where appropriate, work with policymakers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.

ClimateWise Principles 2025

PRINCIPLE	THEME	REFERENCE	SUB-PRINCIPLE
3. ENABLING TRANSITION	Investments	3.1	Integrate the consideration of climate- and nature-related risks and opportunities into investment strategies and decision-making.
		3.2	Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.
	Underwriting	3.3	Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.
		3.4	Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature-related issues of the insured structures through pricing of policies.
	Transition Plans	3.5	Disclose our climate- and nature-related transition plans and the objectives, priorities and commitments we are looking to address.
		3.6	Describe how the transition plan is overseen, resourced and implemented.
4. DISCLOSING EFFECTIVELY	Measure & Monitor	4.1	Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.
		4.2	Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets used for monitoring progress.
	Report Robustly	4.3	Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.
	Disclose Transparently	4.4	Annual submission against the ClimateWise Principles.
		4.5	Annual public disclosure of the climate-related disclosures, including ClimateWise Principles, as part of annual reporting.
		4.6	Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

Foreword from our Group CEO

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Advancing towards the risk frontier - helping our clients navigate uncertainty with integrity and empower progress in a changing world.

As global risks become more complex – from climate change to geopolitical instability – our purpose has never been more relevant: to help our clients stay resilient in the face of escalating challenges. We provide the confidence and certainty they need to navigate risk, embrace change and to keep investing in innovation to drive progress.

Our vision is to be a straight-talking, valued partner — one that acts with agility to deliver solutions across the world's leading specialty insurance markets. This means not only responding to today's risks, but anticipating tomorrow's, and standing alongside our clients as they navigate uncertainty.

Sustainability is not a stand-alone initiative – it is embedded in how we think, operate and deliver value. As a Company at the forefront of managing claims related to natural disasters, climate events and socio-economic disruption, we see first-hand how the risk landscape is shifting. We also recognise that the regulatory landscape is evolving in markedly different ways across regions. Implementing consistent, forward-looking strategies in this uneven environment requires a thoughtful and well-informed approach.

Our clients rely on us to be clear and direct to help them not only to understand and manage their risks but also respond to growing expectations with confidence and clarity. We remain committed to supporting them every step of the way.

Equally, we recognise our own responsibility to reduce emissions and operate sustainably. Since joining ClimateWise in 2023, we've taken meaningful steps to embed climate- and nature-related considerations across our operations – from underwriting and investments to governance and risk management. Our internal commitments are aligned with our strategic ambition to build a resilient, future-ready organisation.

Delivering on that commitment starts with our people. It is their expertise, accountability and commitment to excellence that enables us to act with agility and deliver for our clients. Their desire to work for a Company that is fair, transparent and forward-looking is a powerful driver of our culture and our success. Guided by their dedication, and by our commitment to a strategy rooted in long-term value and resilience, we remain focused on helping our clients adapt and thrive.

We believe collaboration and practical innovation are key to advancing our business. By enhancing our analytical capabilities and using advanced tools, we aim to deepen our understanding, making data-driven decisions. This approach not only supports our clients but also ensures we are meeting our own sustainability commitments and responsibilities as an organisation.

NEIL ROBERTSON
Group CEO

July 2025

Introduction

As a member of ClimateWise since 2023, we are committed to playing an active role in addressing climate- and nature-related challenges. This report reflects how we align with the ClimateWise Principles and highlights the work we do to shape our broader strategy to embed climate and nature considerations across our business. This report covers processes from underwriting, investments and operations, to risk management, actuarial, communications and governance.

Reporting in line with the ClimateWise Principles underscores our dedication to transparency and accountability. We recognise that clear, consistent communication of our approach to climate risk is essential — not only for building trust with our stakeholders but also for ensuring the long-term resilience and success of our business.

We look forward to deepening our engagement with ClimateWise and contributing to the collective progress of the insurance sector in tackling climate and nature-related risks and opportunities.

Principle 1:

Steering Transition

PRINCIPLE 1

Principle 1: Steering Transition

PRINCIPLE 1.1

Ensure that our Board has oversight of climate- and nature-related risk and opportunity management, including any transition plans.

Overall Board responsibilities

We maintain a robust and well-defined governance structure. The Canopius Group Limited (CGL) Board holds ultimate accountability for all Group business decisions. Its core responsibilities include setting strategic direction, providing leadership and monitoring performance against approved business plans. The CGL Board also plays a critical role in defining the Group's risk appetite, overseeing risk management and compliance with applicable laws and regulations, and constructively challenging and supporting executive management to ensure the delivery of long-term, sustainable value for Shareholders. In line with its business-as-usual responsibilities, the Board also evaluates aspects of climate risk. This includes reviewing the outcomes from the business planning process which covers climate risk.

Given its scale and regulatory significance within the Group, the Canopius Managing Agents Limited (CMA), our Lloyd's of London Managing Agent for Syndicate 4444, is referenced frequently throughout this Group-level report. As the UK-regulated entity, CMA currently underwrites the majority of the Group's business. Its governance and risk oversight processes, particularly in relation to climate- and nature-related matters, are therefore central to the Group's overall approach.

In addition to the CGL Board structure, there are separate Boards for Canopius' legal entities in the UK, US, APAC and Bermuda.

- Canopius Managing Agents Limited (CMA)
- Canopius US Insurance, Inc. (CUSI)
- Canopius Asia PTE Limited (CAPL)
- Canopius Reinsurance Limited (CRe)

Each Board holds responsibility for governance and oversight within its respective jurisdiction. Each Board plays a key role in overseeing climate- and nature-related matters in line with their regulatory requirements and these are factored into Board meetings where relevant.

Committees

The Boards delegate specific aspects of governance oversight to designated Committees, such as the Audit, Risk, Environmental, Social and Sustainability (ESS), Nomination & Governance and Remuneration Committees. These Committees serve as forums for in-depth consideration of matters defined within their respective Terms of Reference.

Environmental, Social and Sustainability (ESS) Committee

The ESS Committee was established and approved as a Committee of the Group Board in the first half of 2023 to provide dedicated oversight of the Group's sustainability agenda. Its mandate includes the review and recommendation of strategies, policies, objectives, performance metrics and disclosures related to sustainability matters across the Group.

In mid-2024, the ESS Committee approved our new three-pillar approach to our sustainability strategy; and, in 2025, it approved the Group's first Transition Plan developed alongside this ClimateWise Report.

The ESS Committee holds delegated responsibility for overseeing the Group's approach to both climate- and nature-related risks and opportunities. These responsibilities are defined within the Committee's Terms of Reference.

The ESS Committee comprises four independent Non-executive Directors, including the Chair of the CGL Board, and meets quarterly. Climate risk is a standing agenda item, and nature topics are also reviewed, particularly in the context of our transition planning and sustainability strategy. Senior Executives including the Chief of Staff & Head of Strategy, Chief Human Resources Officer and Head of Sustainability participate by providing operational insight and ensuring alignment with Group-wide objectives.

Risk Committees

The CGL Risk Committee holds responsibility for overseeing the Enterprise Risk Management (ERM) Framework, which includes the review and recommendation of Group risk appetite statements – encompassing climate risk – and associated tolerance thresholds for Board approval.

In parallel, the CMA Risk Committee provides oversight of climate-related risks for CMA, including review of scenario analysis, stress testing and regulatory reporting. The CMA Board retains ultimate accountability for governance and annually approves the Own Risk and Solvency Assessment (ORSA) report, which includes climate-related content.

Typically, agenda items relating to climate risk are regularly discussed by both the CGL and CMA Risk Committees, and where appropriate, are escalated to the relevant international Boards.

Principle 1: Steering Transition

Climate risk activities

CLIMATE RISK OVERSIGHT AND ACTIVITIES	DESCRIPTION
CGL Risk Committee / CMA Risk Committee	The Risk Committees receive quarterly updates on risk management, including climate risks where relevant and compliance with regulatory requirements. For CMA, additional regulatory expectations, including the oversight of the Prudential Regulatory Authority (PRA) Supervisory Statement (3/19) on managing the financial risks of climate change.
Risk appetite statements	The Group and CMA risk appetite statements incorporate climate risks. Risk appetite statements are prepared by relevant management groups and reviewed by the respective Risk Committee prior to Board approval.
Emerging Risk Register	The Emerging Risk Register is updated annually and presented to the Risk Committee.
Risk Register	The Risk Register is reviewed annually and has been updated to reflect climate and other sustainability-linked risk drivers.
CMA specific ORSA process	The ORSA process includes all risk categories and identifies material risks to the business, including financial risks of climate change and underlying risk exposures to physical, liability and investment risk. The ORSA process is overseen by the Risk Committee.
CRe Commercial Insurer's Solvency Self-Assessment (CISSA) process	The CISSA process includes all risk categories and identifies material risks to the business, including financial risks of climate change and underlying risk exposures to physical, liability and investment risk. The CISSA report is produced annually and approved by the CRe Board.
Climate scenario analysis	The climate change risk scenarios are informed from the 2021 Climate Biennial Exploratory Scenario (CBES) published by the PRA and presented in the ORSA.
Sustainability strategy	The Group sustainability strategy is approved by the ESS Committee and management activities are overseen by the Sustainability Forum. The execution of the strategy is the responsibility of the Sustainability Team.
Quarterly Business Review	Oversight of business progress made every quarter and identifies new risks and opportunities for each regional Business Unit.
Group risk opinion	The Group Risk Team provides an opinion on the business planning process review. This includes an opinion on the consideration of financial impacts arising from climate change.

Governance pathway

- Executive management convenes Management Forums to support decision-making, ensure continued alignment with Group strategy and policies, and promote engagement across Business Units and regional operations.
- The execution of strategy and decision-making across the Group is guided by policies developed by Group Forums, some of which are identified as corporate policies and require formal approval by the relevant Boards.
- Escalation pathways are structured in accordance with the governance framework, enabling performance monitoring and assurance activities to be reviewed by the appropriate governance bodies.

Principle 1: Steering Transition

PRINCIPLE 1.2

Ensure that our senior management has responsibility of climate- and nature-related risk and opportunity management, including any transition plans.

Our senior management is actively engaged in the management of climate- and nature-related risks and opportunities. Our Group Leadership Team (LT) provides strategic direction and operational oversight to ensure that sustainability is embedded across all business capabilities. For instance, in the first half of 2025, the LT discussed and approved our Emissions Reduction Plan and its decision to make an operational net zero commitment (refer to sub-principle 2.1).

The Group Chief of Staff & Head of Strategy is a member of the LT and convenes the cross-capability Sustainability Forum for broad input from the business on sustainability and climate topics.

In addition to the Group LT, we have an Executive Committee (ExCo) for each of our regional Business Units (UK, US, Bermuda and APAC). The CEOs of these ExCos are all members of the Group LT, thereby providing a link to sustainability and climate topics. Individual CEOs and ExCos may also have a need for dedicated engagement on these topics – for instance, they may be required to provide input into their respective climate risk practices to meet regulatory requirements.

Management Forums

Management Forums play a pivotal role in supporting effective decision-making. These Forums are responsible for providing informed recommendations to Committees and Boards with specific delegated authority and/or oversight responsibilities.

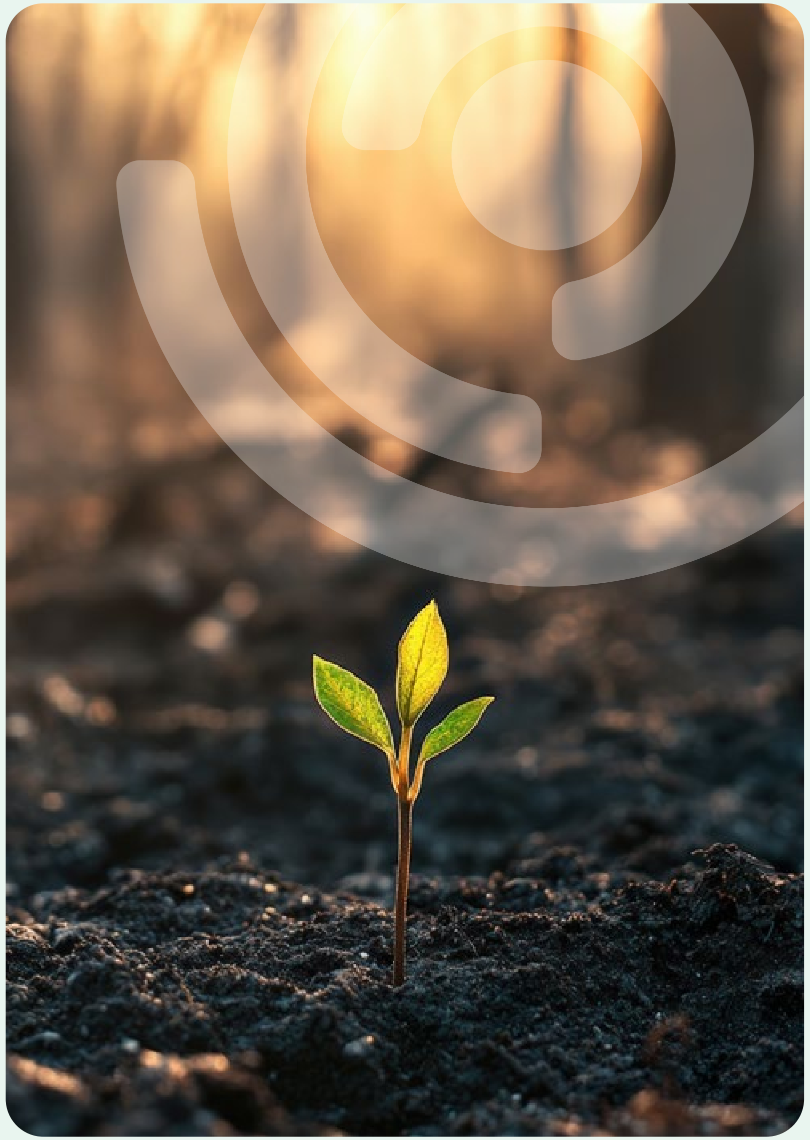
Operating through both Group and regional Executives, Management Forums have escalation pathways to the appropriate Operating Entity Boards and/or Committees. They are composed of subject matter experts spanning various Business Units and capabilities ensuring that decisions are informed, strategic and grounded in operational realities.

This structure ensures that the execution of the sustainability strategy is both robust and meaningful, with decisions shaped by individuals who possess the required knowledge, expertise and authority to act.

Group-wide coordination on climate risk – the Sustainability Forum

The Sustainability Forum is chaired by the Group Chief of Staff & Head of Strategy and co-chaired by the Head of Sustainability. The Forum meets on a quarterly basis and is responsible for overseeing the execution of the sustainability strategy.

Among other topics, the Sustainability Forum regularly discusses climate-related issues. Bringing together senior representatives from Actuarial, Risk, Finance, Human Resources, Operations, Marketing & Communications, Underwriting and Investments – as well as from the various regions – it provides a broad perspective on these topics. This helps to constantly challenge Canopius' approach and ensure it is fit for purpose, in addition to generating buy-in and engagement from key capabilities. On climate topics specifically, it ensures that a wider range of stakeholders is involved than simply those working on them day-to-day (such as Risk and Actuarial), and facilitates alignment across the Group.



Principle 1: Steering Transition

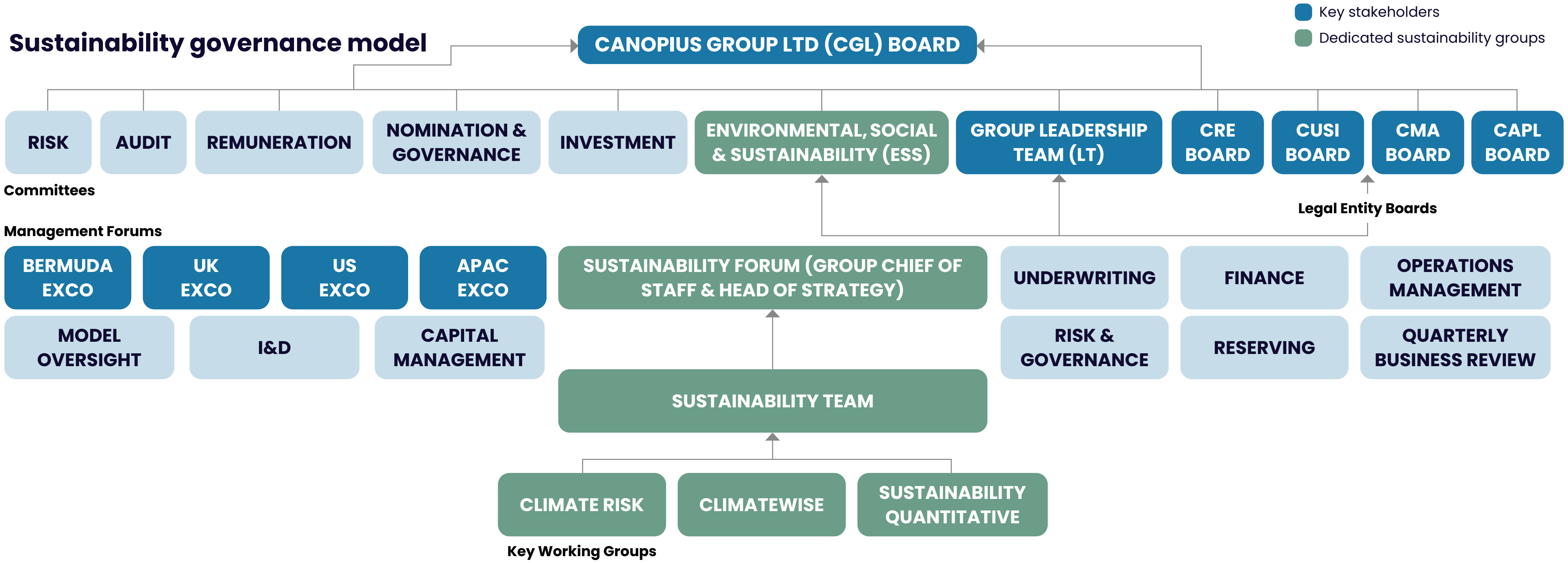
PRINCIPLE 1.3

Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.

The key to linking governance and oversight with actual implementation in the business is the Canopius Sustainability Team. This dedicated team reports to the Group Chief of Staff & Head of Strategy, co-Chairs of the Sustainability Forum, presents proposals to the LT and delivers updates to the ESS Committee. It also works closely with other business capabilities to implement the decisions made regarding sustainability and climate, including through a handful of specialised Working Groups (see diagram to the right).

This integrated approach ensures that senior management is equipped to lead the Group's transition planning and to respond proactively to emerging environmental and regulatory challenges.

Sustainability governance model



The Sustainability Team receives support from dedicated Working Groups on certain specific topics. The Climate Risk Working Group focuses on more qualitative aspects of climate, whereas the Sustainability Quantitative Working Group brings analytical and modelling expertise to these topics. Both leverage expertise from Risk, Exposure Management, Pricing, Reserving and Capital. In addition, we have a ClimateWise Working Group led by Sustainability and made up of subject matter experts from across the business.

The Sustainability Team ensures implementation of Canopius' sustainability strategy, for example, it drove (together with relevant business capabilities) the development of policies such as:

- The Responsible Underwriting Policy and Framework, which guide underwriting decisions with a focus on environmental and social impact.
- The Responsible Investment Policy, which governs our approach to sustainable asset management.
- The Climate Risk Framework, which details Canopius' approach to managing climate-related risks.

Principle 1: Steering Transition

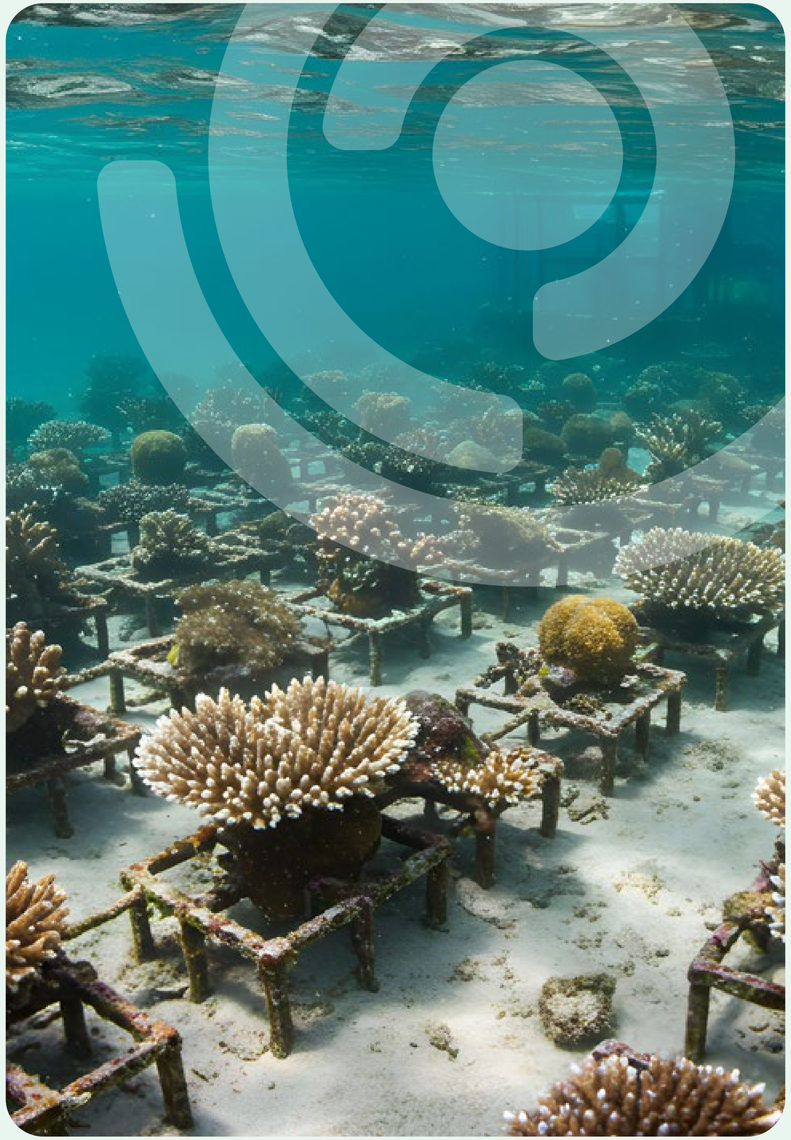
Key roles in climate risk management

The effective management of our climate-related risks is supported by a broad network of stakeholders across the organisation. This includes the Sustainability Team as a centre of expertise on climate risk specifically, but also various individuals from the Risk Management capability and related capabilities such as Actuarial and Exposure Management.

The implementation of climate-related policies and procedures is linked to strategic oversight at Board and management level through the Sustainability Team.

In certain jurisdictions, regulation imposes additional responsibilities for climate-related risk management at legal entity level. For example, under the Bank of England's PRA Senior Managers and Certification (SMCR), the UK Chief Risk Officer holds formal accountability for identifying and managing the financial risks of climate change for the UK regulated entity.

An allocation of responsibilities was introduced for Canopius Reinsurance Limited (CRe)(Bermuda) during the first half of 2025, reflecting the evolving regulatory landscape in that jurisdiction. These entity-level accountabilities help embed climate risk practices within the business, drawing on strategic-level decisions that are made by the ESS Committee and LT.



PRINCIPLE 1.4

Ensure that our Board and senior management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.

Engaging Canopius' Boards and senior management teams through targeted training and sustained dialogue on climate risk and broader sustainability matters is a strategic priority for the Sustainability Team. This engagement ensures that key decision-makers are equipped with the knowledge and context needed to respond to emerging risks and opportunities.

In 2025 to date, tailored training sessions have been delivered to the CMA and CRe (Bermuda) Boards, as well as the Executive Committees in the UK, Bermuda and APAC regions. These sessions focused on climate risk and the specific regulatory, operational and market considerations relevant in each jurisdiction.

Additionally in late 2024 and early 2025, Board members and management teams were required to complete the mandatory sustainability training programme rolled out to all our employees worldwide. The programme included dedicated modules on the science of climate change and its implications for the insurance sector.

Principle 1: Steering Transition

PRINCIPLE 1.5

Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model, performance, strategy and decision-making processes.

Canopius' strategy and business plan

Our overall strategic goal is to build a world-class insurance business by leveraging our London market leadership, expanding our US presence through strategic partnerships and scaling operations in the Asia Pacific region via its offices in Singapore and Australia. Canopius emphasises profitability, diversification and innovation as core pillars of its growth strategy.

At the centre of our operations is a disciplined and expert-led underwriting strategy, focused on disciplines where we have deep expertise and competitive advantage. Recognising the inherent volatility in underwriting complex specialty risks, we mitigate exposure by diversifying our risk allocation across product lines, underwriting platforms and geographies.

We practise active cycle management, adjusting our portfolio based on market conditions, and invest in data analytics and digital tools to enhance pricing accuracy and risk selection. Innovation is integrated across activities, including the development of non-risk-bearing revenue streams and the exploration of new distribution models. Our strong balance sheet provides a robust foundation to support our business plans.

Our sustainability strategy

Sustainability is central to our purpose as a business, which is to provide confidence and resilience to our clients. It is integral to our ability to attract and retain the best-quality talent, business and capital.

- We view sustainability as a source of innovation and opportunity.
- We seek to harmonise economic success with social and environmental responsibility.
- We aim to have a forward-looking view of risk, adapting to a fast-changing world.
- We take a pragmatic approach focused on areas where we can have meaningful impact.

Our ambition is to support clients in their efforts to operate more sustainably while also keeping a focus on our own operations. We implement this by following three core principles:

Three core principles

PROTECT OUR CLIENTS

Meet the evolving needs of our clients in the context of sustainability risks.

Resilience - help our clients to be stronger in the face of adversity.

Transition - support our clients in their efforts to mitigate risk and adapt their business models.

Innovation - partner with our brokers and intermediaries on solutions for emerging and escalating risks, meeting new client needs.

ADVANCE OUR BUSINESS

Integrate new processes and analytics to improve risk understanding and to make our operations more sustainable.

Analytics - make more informed decisions by leveraging data and analytics.

Integration - embed sustainability across all areas of the business.

Reporting - demonstrate accountability and transparency.

ENGAGE OUR PEOPLE

Foster an inclusive and diverse workforce, informed and engaged on sustainability topics.

CSR - actively contribute to social and environmental resilience.

Development - arm our people with knowledge and skills.

Inclusion & Diversity - strengthen our culture by promoting an inclusive and diverse workforce.

Principle 1: Steering Transition

Impact of climate considerations on our strategy and planning

Understanding and integrating climate risk factors into our strategy and business planning is critical. It directly impacts our underwriting strategy, reinsurance purchasing and capital management and is therefore regularly considered by senior management and the Board.

Catastrophe risk is a material capital driver and so is subject to a high level of validation, including the potential impacts of physical climate risk. We have invested heavily in our catastrophe modelling capabilities and in developing our own view of risk. We use third-party catastrophe models and portfolio modelling solutions to assess our exposure to natural catastrophe risk, incorporating climate change impacts directly.

Risks associated with the transition towards a lower-carbon economy are more nascent but advancing. In the 2026 business planning process, we capture underwriting considerations around transition risk by line of business, using qualitative heatmap assessments completed with each relevant team (refer to sub-principle 3.3 for more information on transition risk assessment). For Liability risk, considerations are being approached in a similar way, leveraging our climate liability scenarios and specific allowance within the plan loss ratios to capture these risks. Through this process we are starting to build explicit recognition of climate risk within the planning process, and we will build on this in future years.

In addition to climate risk considerations, seeking and assessing opportunities that will 'insure the transition' also shape our strategy. As a leading international (re)insurer, we have a key role to play in the energy transition, providing the right products and assurance to support our clients in meeting their objectives. We are therefore working to broaden our product offering by innovating for emerging risks, complementing existing lines and moving to underwrite novel, complex risks in the clean-tech space. The Sustainability Team is working with relevant underwriting teams to develop a structured approach to climate and transition innovation, and is investing in talent to expand its focus on this key issue.

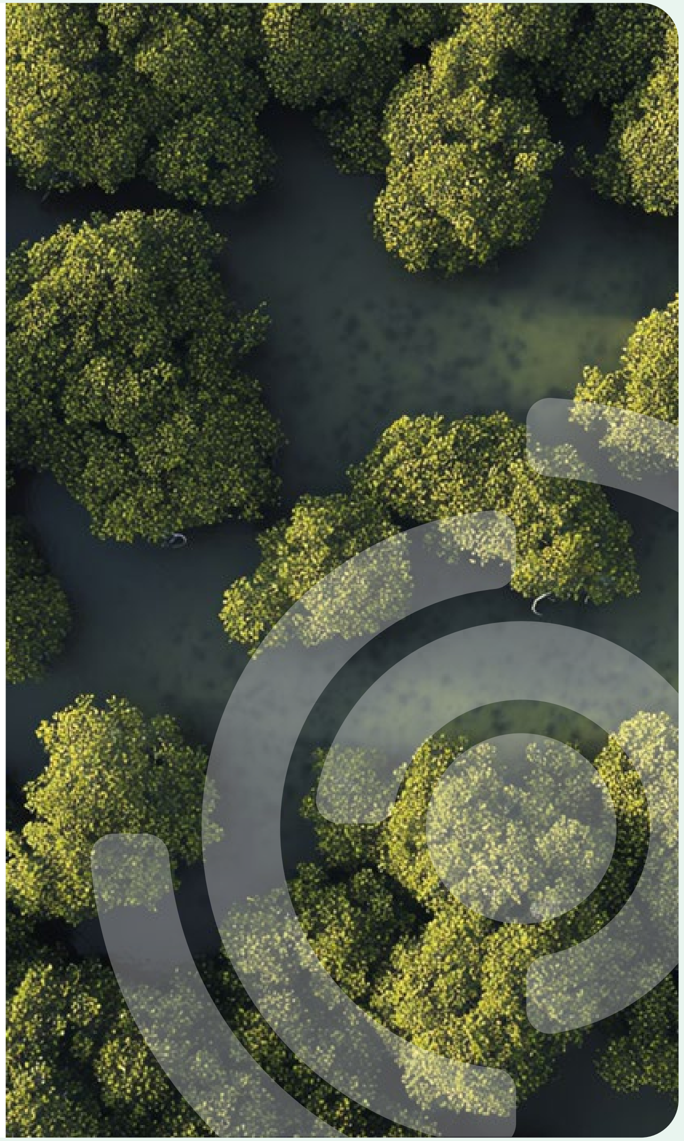
PRINCIPLE 1.6

Describe how environmental resilience plans are incorporated into business decision-making, including disclosure of any material outcomes of climate risk scenarios.

Business resilience planning is integral to our success and helps to ensure continuity, competitiveness and long-term value in the face of increasing climate and systemic risks.

For underwriting, the resilience of the business plan is reviewed on an annual basis. As discussed elsewhere in this report; the process now includes explicit consideration of climate risk (refer to sub-principle 1.5). For assessing our approach to financial investments, we have developed new transition-related scenarios which will supplement our understanding of resilience going forward (refer to sub-principle 3.1). For assessing operational resilience, we have a business continuity management plan (driven by the Organisational Resilience capability) which factors in climate risk as appropriate in relation to our direct operations.

Please refer to sub-principle 1.10 for additional details on how we perform scenario analysis.



Principle 1: Steering Transition

PRINCIPLE 1.7

Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.

As a risk-taking business, we are familiar with conducting materiality assessments to better understand potential impacts on our financial performance. We use well-established quantitative and qualitative methods to generate key outputs such as modelled losses, heatmaps and emissions.

Until recently, the focus has largely been on the material risks of climate change, however, there is growing need for the insurance industry to address the broader challenges of nature and biodiversity loss. Nature underpins the global economy — and as it declines, so do the systems that insurance relies upon: risk predictability, asset stability and customer resilience. We have therefore also, in 2025, started to assess the materiality of nature-related factors.

Climate

Our approach to climate materiality assessments primarily focuses on understanding the impacts of climate on our financial performance. We use well-established methods to assess climate risk materiality and generate outputs such as heatmaps and modelled losses (refer to sub-principle 1.8 for more information on how we assess climate risks).

Emerging risk process

An important part of identifying material risks to the business is via the emerging risk process. Horizon scanning on emerging issues and changes in the external environment are continuously monitored by the Group Risk Team and first line, including claims horizon scanning sessions, presented and debated at least annually. Those considered to have potential implications on the set of emerging risks are explored further for review and assessment. The Group Risk Team coordinates and leads roundtable discussions on topics to understand implications, assess existing controls and identify key areas to monitor for further development. The team works with relevant stakeholders in the organisation on risk mitigating actions where necessary.

Risk Insights Lab

In addition to the emerging risk process, the Group Risk Team periodically runs a Risk Insights Lab to seek the input of Board, management and subject matter experts within the organisation to help identify key risks to Canopius' strategy. The resulting risks are ranked, both at Group and regional level, and prioritised for thematic or deep dive reviews. In the Risk Insights Lab of 2023/ 2024, Climate Risk was ranked in the top 10 of the business's concerns, which prompted the Group Risk Team to undertake a focused review of climate topics. The review highlighted areas where action was needed to better meet requirements. A set of recommended actions were agreed by Group Risk and supported by the ESS Committee. The Climate Risk Working Group is responsible for working with the first line to meet the recommendations.

GROUP RISK RANKING

1	Cyber risk	6	Regulatory burden
2	Geopolitical instability	7	ESG & climate change
3	3rd party oversight and mgmt	8	Evolving terrorism
4	Human talent	9	Social inflation
5	Global economic stability	10	AI (artificial intelligence)

Assessing transition risk materiality

The qualitative transition risk assessment of our underwriting portfolio – detailed in sub-principle 3.3 – involves an evaluation of the lines of business most vulnerable to transition risk. Identifying the most impacted parts of our portfolio helps us to better understand the pressures on our clients as well as the areas where we, as an insurer, can make the most impact through supporting the transition.

Impact materiality: insurance-associated emissions

In 2024, we performed an assessment of our insurance-associated emissions using a third-party data provider and followed the Partnership for Carbon Accounting Financials (PCAF) methodology. Through this, we gained valuable insights into the carbon intensity of our 2023 underwriting portfolio – but it also highlighted to us the important limitations in the data and methodology.

Principle 1: Steering Transition

Data quality and attribution accuracy are essential for meaningful climate analysis. While the numbers offer a starting point,– giving us an understanding of the quantum and distribution of our underwriting carbon footprint – we recognise that they require further refinement and increased disclosure of carbon emissions across sectors.

We plan to refine our approach and enhance emissions tracking by incorporating reported data from external data provider, MSCI (leading provider of financial indexes, portfolio analytics and ESG research products), and continuing to align with the PCAF standard. As a PCAF signatory, we're committed to improving the accuracy, consistency and transparency of our emissions data.
This will allow us to move beyond estimates and rely more on verified, Company-reported figures — strengthening the credibility of our assessments.

By integrating these data sources, we aim to build a more detailed and reliable view of our portfolio's carbon footprint. These insights will play a key role in shaping our underwriting strategy, helping us identify high-impact areas, and make more informed, climate-conscious decisions in the year ahead and beyond.

Nature

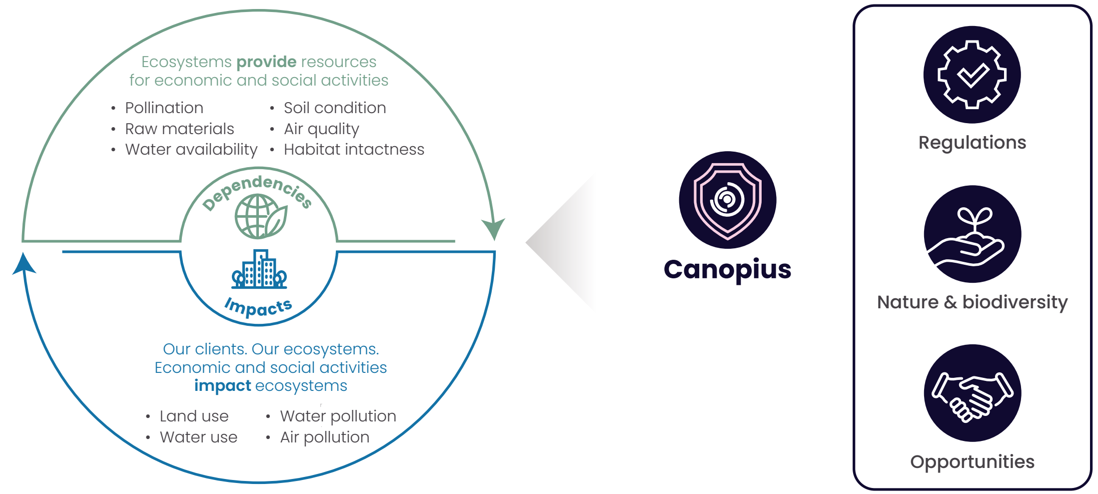
In 2025, we completed a materiality assessment to better understand our impact on nature. For this work, we leveraged the Canopius Elevate programme (our internal high-performance initiative to foster career growth and innovation; refer to sub-principle 2.2 for more information) to help us evaluate dependence on nature and the impact of our business operations. The focus on nature was intentional – senior leadership selected nature as a priority topic, demonstrating buy-in and commitment to understanding and addressing nature-related risks. It was an opportunity to go beyond climate and craft an approach to assess nature and biodiversity-related risks.

The following section outlines the process and outcomes from the nature materiality assessment. The Elevate cohort defined the scope of the materiality assessment, narrowing down the focus to a specific underwriting portfolio and ecosystem resource. In this case, our mining risk portfolio and its impact on 'water stress' was selected. The team conducted a significant amount of research to shape their approach which included further refining the scope, clarifying the implications of 'double materiality' (see right), gathering market insights, and identifying practical, data-driven approaches to incorporating nature considerations into decision-making.

Double materiality represents an important shift from focusing solely on financial performance to recognising the significance of broader environmental, social and nature impacts from business operations.

Double materiality is an opportunity to assess nature from two perspectives – our outward environmental impact and our inward financial performance, as shown in the figure below.

Nature and biodiversity double materiality assessment



To better understand the impacts on nature, the project team leveraged both internal and external frameworks to overlay nature risks onto our portfolio. The team engaged with the Taskforce on Nature-related Disclosures (TNFD)'s 'LEAP approach' outlined on the next page – a tool designed to map nature-related risks and opportunities, much like TCFD does for climate. Using external datasets from Encore (an online data tool for exploring natural capital opportunities, risks and exposure), they uncovered dependencies in sectors such as mining and agriculture, revealing how deeply intertwined our business is with natural ecosystems.

Principle 1: Steering Transition

TNFD LEAP approach

Research tools like CATNET and the WWF Risk Filter provided additional insight on biodiversity and data points across clients, sectors and geographic locations. This information highlighted how some ecosystems and species are under extreme pressure, and the industries contributing to their strain.

The results illustrate where parts of our portfolio are most exposed to nature-related risks, revealing how these risks are often interconnected and compounding, leading to weakening ecosystems and threatening biodiversity. They also underscored how nature dependencies can disrupt operations and supply chains across multiple industries within our portfolio.

There is a strong link between business risks and natural capital availability. Heavy industry, for instance, was flagged as a major driver of land and water degradation. The team brought these insights to life with real-world scenarios – like soil erosion triggering landslides and insurance claims, or water shortages halting production and impacting revenues.

Armed with these insights, the team created a roadmap to further integrate nature assessment in our 'business as usual' underwriting methods. This focuses on advancing our assessment capabilities, seeking to embed nature and biodiversity into catastrophe modelling where possible, and offering relevant training to our employees. These activities will help shape our longer-term ambition of exploring nature-based solutions and contributing to market insights and best practices such as nature scenario development. Our ambition is to begin implementing the roadmap over the coming year, subject to further analysis and consultation.

What started as an exploratory assessment became a call to action within Canopius. This project was a testament to the importance of looking at business practices and incorporating nature in practical, yet meaningful ways.

PRINCIPLE 1.8

Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks and opportunities.

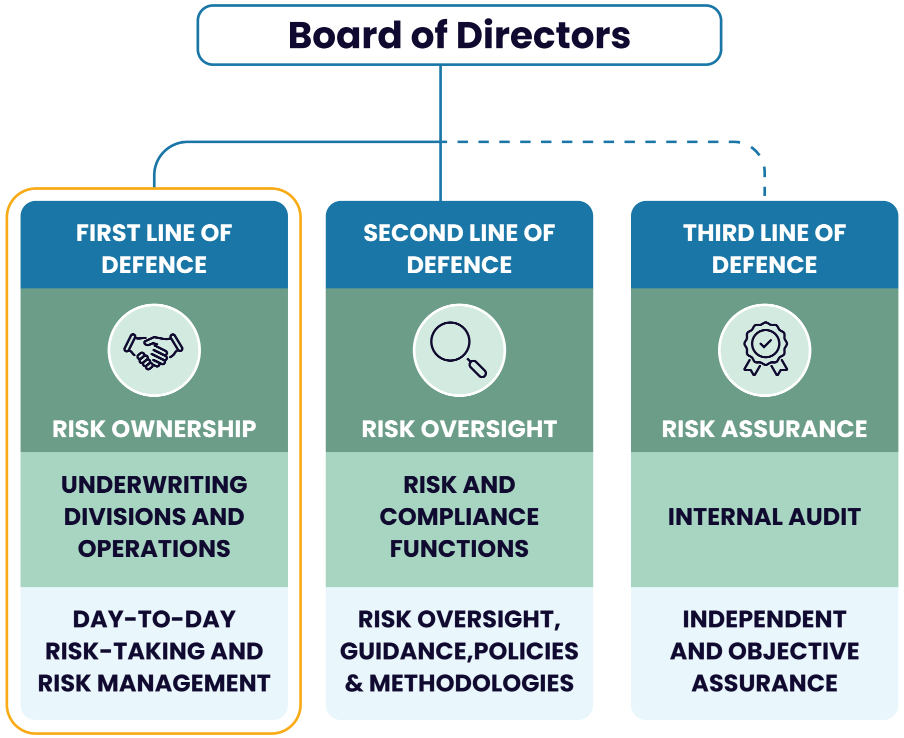
ERM Framework

Our Enterprise Risk Management (ERM) Framework has been developed in line with the risk management strategy and principles. Risk-taking and risk management are an inherent part of our business activities, and so the adoption of sound risk management practices is considered imperative by management and the Board, and is fundamental to the ongoing success of the business. The practical application of the ERM Framework comprises a range of policies, processes and procedures, underpinned by an appropriate risk culture. Our aim is to maximise returns while ensuring ongoing financial soundness through appropriate risk-taking, and the preservation of capital. Our risk appetite framework is supported by a suite of risk tolerance limits which are in place to help monitor risk exposure on an ongoing basis. We continue to use our own Internal Model to model all principal risks and help inform decision-making.

Risk identification and first line of defence

The ERM Framework outlines adherence to the 'three lines of defence model' under risk governance. In relation to climate risks, our Underwriting, Investments and Operations Teams act as the first line of defence; they assess climate-related risks and regularly discuss sustainability with clients, brokers and partners. The Risk Team performs oversight activities such as deep dive reviews, and the risk and control self-assessment (RCSA) process. The third line of defence provides independent assurance of internal processes.

Principle 1: Steering Transition



RCSA process

The Group RCSA is a process to review the risks on our Risk Register with risk owners and ensure key controls are in place to mitigate causes and drivers of the risk.

Where relevant, risks arising from climate change are considered and discussed to ensure this is captured sufficiently in our Risk Register and key mitigating controls are documented in the controls register and regularly assessed to ensure they operate effectively.

In early 2025, we decided to explicitly note 'climate' as a stand-alone strategic risk on the Risk Register. Climate risk covers the three financial drivers namely, physical, transition and liability as these risks each have their own financial impacts and assessment tools.

In addition, we capture the risks associated with greenwashing under 'reputational' risk and identified mitigating controls to manage this risk from materialising within the business. Please refer to sub-principle 3.3 for details on climate risk assessments.

The Group RCSA process is informed by the processes under the Climate Risk Framework, which provides a structure and range of activities to support better understanding of our climate risk profile. We built a pragmatic climate risk management process to capture the nuances. The purpose of this is to bring a framework together that adequately captures how we identify, assess and monitor exposures to physical risk, climate liability risk and the impacts of transition.

Principle 1: Steering Transition

Climate Risk Framework

We operate a Group-wide Climate Risk Framework which seeks to provide a basis for understanding of the physical, transition, liability and reputational risks associated with climate change as well as considering growth opportunities. The framework facilitates an ongoing process of discussion and review against current and future climate risk challenges.

The framework also provides a means of assessment, evaluation, ongoing measurement and reporting of climate risk-related issues. An overview of the framework is provided below, illustrating the components that make up our approach and how it helps us to further understand and evaluate the implications of climate change on our business and that of our clients.

We recognise the need to advance our capabilities in identifying and assessing climate risks. To support further advancement of this capability, we set up two dedicated working groups in 2024: the Climate Risk Working Group and the Sustainability Quantitative Working Group (refer to sub-principle 1.3). These groups were created to further develop our approach to climate risk management, enhance analytical capabilities, expand climate scenario planning, integrate feedback loops into the business planning and monitoring processes, and improve management reporting.

The Climate Risk Working Group is responsible for climate risk management documentation, engaging with stakeholders throughout the organisation, and ensuring comprehensive risk assessments are performed using both qualitative and quantitative approaches for physical, transition and liability risks.

We are enhancing our Climate Risk Framework and assessment capabilities through the Sustainability Team, the Climate Risk Working Group and the Sustainability Quantitative Working Group. Their focus is on advancing climate risk assessment using a range of qualitative and quantitative tools available covering climate risk modelling, scenario analysis, reverse stress tests and other climate risk deep dives.

Principle 1: Steering Transition

Climate risk assessment

IDENTIFY the risks and opportunities for climate and nature

- Physical, transition, liability

MANAGE or mitigate the risk, take up opportunities

- Climate risk appetite

Provide inputs from risk assessment process into business **PLANNING**

ASSESS the risks using a range of qualitative and quantitative tools

- Scenario analysis
- Reverse stress test
- Qualitative risk assessment

MONITOR against risk appetite or other internal limits and report quarterly

The outcomes from climate risk assessments are used as a mechanism to inform exposure to climate risk and measure compliance within Board risk appetite. This process not only helps to prioritise material climate risks but also helps us to make decisions and prepare for a range of possible futures. We are continually looking to improve the way we assess climate risk by expanding the suite of scenarios under physical, transition and liability risk (refer to sub-principle 1.10 for more information on scenario analysis).

Our approach to nature risk assessment and outcomes is covered in sub-principle 1.7.

PRINCIPLE 1.9

Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.

All material risks including climate risks require ongoing monitoring to ensure they remain within agreed tolerance levels. We rely on our well-established governance framework to enable clear escalation pathways and assign appropriate climate-related responsibilities to senior management. Any breaches or potential breaches are reported to the relevant Management Forum, the Risk Committee and the Board, and actions to mitigate or manage the breach are taken.

Risk appetite statement on climate risks

Our underwriting strategy is fundamental to executing our overarching business objectives. In allocating risk appetite across various risk categories, we assess both the potential returns associated with assuming each risk and our capability to manage its magnitude within an appropriate timeframe. The Risk Committee reviews and recommends the risk appetite statements for approval by the Board.

The impacts of climate on our business are captured under strategic risk and insurance risk within our risk appetite framework. At a strategic level, Canopius expects sustainability-associated risks including climate change to be identified, managed and monitored; and considered within strategic planning. Monitoring activities include reporting on a range of quantitative and qualitative metrics under the Climate Risk Framework, ensuring adherence to any climate- and nature-related policy or regulatory requirement, and ongoing monitoring of the insurance risks against the Responsible Underwriting Policy and Framework.

Our appetite for physical risks of climate change is implicitly captured in our exposure to natural catastrophe perils, which includes a representation of the full spectrum of climate-related perils to which the business is materially exposed through its underwriting activities. Tolerance limits for exposure to climate-related perils are set at a range of return periods to ensure that we are monitoring events across the return period (i.e., low severity, high frequency events, and those of greater magnitude which would place more strain on capital) and are monitored quarterly.

For climate liability risk, the Exposure Management Team has set an internal tolerance that is monitored using nine case scenarios. This is run on a quarterly basis and reported to Underwriting Management.

We have taken a qualitative approach to transition risk, and although we have not set a tolerance limit for transition, we rely on other monitoring activities to manage the exposure to transition risk such as heatmaps and narrative from transition risk assessments (refer to sub-principle 3.3) and outcomes from our insurance-associated emissions work (refer to sub-principle 1.7). We do not think it is appropriate to limit transition risk currently due to several uncertainties and challenges with quantifying an accurate exposure. We are looking to refine our approach to transition risk monitoring and will respond to changing transition risk factors as they arise.

Principle 1: Steering Transition

Responsible Underwriting Policy and Framework

At the end of 2024, we launched a new Responsible Underwriting Policy and Framework which provides a decision-making methodology to address escalated environmental issues only. The issues addressed relate to activities which have an adverse impact on climate and/or nature and therefore are likely to be controversial. We have agreed structured guidelines, evaluation criteria and a referral process, which considers the appropriate regulatory framework and incorporates sound actuarial principles to ensure consistent assessment and decision-making. The Policy and Framework were developed with input from underwriters. They follow a principles-based approach, evaluating specific risks rather than applying blanket rules or exclusions.

The diagram below illustrates the thresholds that trigger the referral process. The metrics used vary depending on the activity but, in most cases, they relate to the contribution of an insured's output: for example, an insured deriving 20% of output from thermal coal would be required to pass the referral process. Such risks are subject to conditional appetite i.e. they will only be written if they pass referral process.

Conditional risk appetite under the Responsible Underwriting Framework

20% threshold

conditional appetite applies.

- Thermal coal
- Arctic drilling
- Oil sands
- Fracking

Monitoring opportunities

We believe there are significant growth opportunities associated with addressing climate risk, particularly around supporting our clients in their evolving needs in relation to energy transition. As this is very much a developing area of capability for the insurance industry, our process is currently still being defined.

We monitor and select opportunities as they are presented to us by brokers and other intermediaries, but we do not currently seek them out. We have carried out deeper assessments of certain opportunities – for instance, carbon credits and carbon capture – as transactions related to these technologies have arisen. In the second half of 2025, we intend to carry out a structured horizon scanning, and to develop a more robust framework for identifying suitable opportunities. We will have additional resource within the Sustainability Team to support our underwriters with this.

Insuring the transition

Sub-principle 1.7 covered our ambitions to further understand our insurance-associated emissions by using the reported emissions dataset from MSCI and the PCAF database and methodology. These metrics are used for tracking client transition pathways and informing our own insured emissions transition plan.

Nature risk monitoring

For nature-related risks, we used several management tools such as Encore, CATNET and the WWF Risk Filter to better understand ways in which we could monitor nature materiality impacts in our business (refer to sub-principle 1.7 for more information). We are exploring the option to integrate nature and biodiversity metrics to complement internal processes in Exposure Management and Underwriting. This could potentially lend itself to the opportunity of developing new products that reflect ecosystem health. For example, building a parametric solution tied to biodiversity indicators or water availability, offering tailored coverage for clients in vulnerable sectors while incentivising sustainable practices.

Principle 1: Steering Transition

PRINCIPLE 1.10

Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.

Scenario analysis is used as an assessment tool for material risks, including climate and nature. Insights gained from these analyses inform key strategic activities, including the development of risk appetite, inform risk mitigating activities and business planning. As part of our Climate Risk Framework, a series of climate scenarios has been developed to assess the financial implications of climate change on the business. These scenarios are designed to provide insights into the potential impacts of physical, transition and liability risks over various time horizons, supporting the foundation for risk appetite management. The resulting financial impacts are incorporated into both the ORSA annual report for CMA and CISSA report for CRe and submitted to respective Boards for approval.

Physical risk

The scenario-based stress test methodology referenced in sub-principle 1.8 is used to calculate the effects of climate change on physical risks that we are exposed to using combinations of temperature increases (over pre-industrial 1880-1900 levels) and time horizons using climate projections. These scenarios are intended to provide information about the potential impacts of near-term and long-term climate change and highlight the uncertainties associated with future climate conditions.

Additionally, this methodology assists us in fulfilling climate change regulatory requirements and supports processes for potential future regulatory reporting. The scenario methodology forms part of the Canopius Climate Risk Framework and is reported internally to the Group Underwriting and Distribution Forum as well as included in the annual ORSA report for CMA and CISSA report for CRe.

The scenarios were selected to correspond with the PRA CBES exercise and are based on three scenarios from the Network for Greening the Financial System (NGFS), which cover a range of timeframes from current climate conditions through to 2050.

A market assumption is that temperature horizons, rather than fixed time horizons, allows the inclusion of a wider variety of model outputs (via different climate scenarios), and as such more broadly represents changes in meteorological hazards affecting natural catastrophe risk. These scenarios are structured according to temperature increases above pre-industrial levels (1880-1900), which can be mapped to 'early action', 'late action', or 'no action' cases. However, this approach is less applicable to sea level rise, where the timing of reaching certain temperatures has greater importance. Despite this limitation, we consider the simplicity of this methodology as an acceptable foundation. The appropriate time horizon is chosen for each temperature level to inform the development of physical risk scenarios.

The scenario-based stress testing approach adopted by Canopius provides a structured and transparent method for evaluating the potential impacts of climate change on physical risk exposures. This helps to assess a wide variety of risks and feeds into the regular reporting of climate risk exposures by the Exposure Management Team. By aligning with regulatory expectations such as the PRA CBES and leveraging a range of scientifically grounded climate pathways, this methodology not only enhances internal risk understanding but also strengthens our preparedness for future climate-related disclosures and strategic decision-making.

Uptake of new catastrophe models

As more of our portfolio is exposed to escalating climate risks, further insights are required to make informed decisions based on current climate conditions rather than historically biased empirical approaches.

Australia has a particular sensitivity to climate change impacts for secondary perils such as bushfire, hail and flood. To better support our understanding of these secondary perils, we took a strategic approach and licensed additional models to inform pricing and risk selection for all our Australian Binder business.

Canopius has also licensed a Wildfire model, which incorporates a method to represent current climate conditions in its assessment of wildfire risks. This model is being validated currently, but further work can involve considering the representation of future climate conditions or effects of future climate adaptation policies.

Principle 1: Steering Transition

Liability risk

As probabilistic models are still in their relative infancy for liability risk, we have set our focus on climate-related liability case scenarios and developed a framework to ensure we are using complete and accurate datasets for our casualty book. To ensure a robust governance process, we use the Liability Exposure Working Group made up of representatives from Exposure Management, Underwriting, Claims, Sustainability and Actuarial, to review and challenge the internal suite of liability scenarios. This process has evolved since 2021 as we continue to refine our assumptions and expand our scenario library. Underwriter engagement and input into scenario development and model validation is a critical part of this process. Scenarios are run quarterly and outputs are presented into management reports for review. Senior management has visibility on portfolios that are material contributors to losses by scenario.

The regulatory landscape is changing across the globe and there is increasing pressure on financial sectors to adapt. We are investing in the expansion of our existing scenario approach by reviewing emerging models and current methodology on the approach to assessing climate liability; potentially incorporating both probabilistic and deterministic analysis. We are responding to the upwards trend in climate litigation cases against corporations outside of traditional fossil fuels including aviation, finance and food manufacturing.

We view climate litigation as a material risk to our underwriting portfolio both in terms of gross written premium and planned growth. The evolution of scenario analysis for climate litigation has led to greater understanding of the risk exposure we face. As a direct result of this work, and to manage this material risk, we are expanding our capability and expertise in exposure management for liability exposure. We are also investing in model development, including methodological approach, updating damage ratios, and monitoring internal risk tolerance limits for climate.

Nature stress testing

As part of our Elevate programme (refer to sub-principle 1.7 for further information), one of the main objectives was to determine what usable scenarios Canopius could employ to evaluate its impact on nature. To begin scenario identification and ultimately selection, we used the TNFD LEAP approach to identify nature's interface with certain sectors. This approach narrowed down several nature-based scenarios to those most relevant to our business - in this case, our heavy industry book of business was the key focus. While heavy industrial activities impact many ecosystems, its dependencies according to Encore, CATNET and WWF are surprisingly few.

As outlined in the diagram below, there are two key ecosystem services relied on by mining - soil health and water availability, due to the vast quantities used within their process.

Heavy industry nature-related scenario

DEPENDENCY	POTENTIAL EVENT	OUTCOME
Soil health	Degradation of soil health leading to landslide	Physical damage to equipment and consequential loss
Water availability	Water shortage forces shut down	No claim. Potential revenue impact
Capital investment	Reputational risk to investors resulting in withdrawal of capital	No claim. Potential revenue impact
Regulatory licence	Unable to obtain permit/ permit loss	No claim. Potential revenue impact

Principle 1: Steering Transition

Scenario outcomes

The scenario analysis regarding water availability and soil health identified few instances where ecosystem degradation would result in an insurance policy loss. The analysis provided two examples: first, if soil health deterioration caused a landslide, it could damage valuable mining equipment or block a haul road, restricting access to the site. Such an occurrence would activate physical damage coverage in an insurance policy. A second example showed that if an area experiences a prolonged drought, assets may need to be shut down, impacting revenue if the assets remained closed.

We will continue to expand scenario analysis for nature and biodiversity risks to help us make informed decisions on risk selection and to further understand our impact on nature (refer to sub-principle 1.7).

Reverse stress testing

Another method of analysis to understand business resilience is reverse stress testing (RST) which identifies scenarios that could render our business model unsustainable. A number of stress and scenario tests and reverse stress tests have been carried out as part of the ORSA process to provide both a quantitative and qualitative view of how materialisation of existing and plausible risks could impact the business. There is a climate risk scenario used in RST to determine a possible 'breaking point' where stakeholder confidence could collapse, resulting in loss of capital or counterparties. The scenario evaluates a corporate sustainability failure and identifies controls and other mitigating activities we have in place to minimise the occurrence or impact.

Unlike typical stress tests, which focus on catalysts of losses, RST begins with business failure first, and traces back to possible causes. These RSTs involve senior management and consider strategy, risk and external influences. RST is performed annually and included in the ORSA report.

Principle 2:

Engaging Stakeholders

PRINCIPLE 2

Principle 2: Engaging Stakeholders

PRINCIPLE 2.1

Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

We continue to evolve our understanding of the environmental impact associated with our own operations, working closely with both our Group Operations and Finance Teams. Additionally, we are working with an external partner, Green Element Group, to measure and help reduce our operational footprint.

Members of the Operations and Facilities Teams also play an active role in our Sustainability Forum, where they engage in discussions and support the development and implementation of the operational transition plan.

Our commitment to net zero

In the first half of 2025, we committed to an operational net zero target by 2050 covering all three scopes for our operational emissions. The ESS Committee and LT have now approved an initial Emissions Reduction Plan (ERP) detailing initiatives for the coming 12 months, with a clear action plan for reviewing progress. The details of this are included in our Transition Plan (refer to sub-principles 3.5 and 3.6). As part of this commitment, environmental credentials and emissions will be key considerations in upcoming office moves, with explicit evaluation of related metrics as existing leases come up for renewal.

Sustainable office buildings

As part of our commitment to reduce our operational footprint, we aim to lease space out of sustainable office buildings wherever possible. Our largest office, located in London at 22 Bishopsgate, is a completely renewable building that aims to achieve net zero status by 2035. This building has been awarded BREEAM Excellent certification and was recognised as the Building of the Year at the 2022 National Sustainability Awards. For the UK we comply with, and report against, Streamlined Energy and Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) standards.

Our Singapore office is designed with a double façade and greenery covering 55% of the perimeter to maximise natural light and reduce heat gain. Its petal-like structure at the crown of the building draws in cooler air at a height of 242 metres, thereby reducing the energy required for cooling.

In addition to better understanding our climate impact through our operational emissions footprint, we are also monitoring our impact on nature through water usage in our offices. We have taken proactive measures to monitor this usage and use mitigating controls to reduce water consumption in our office with sensors that control water flow through taps.

Reducing our operational impact: active initiatives

We are continuously exploring ways we can make better choices in our supply chain to reduce our impact on climate and nature. Over the past 12 months, we identified and implemented various strategies to reduce this impact in our daily operations. The figure to the right sets out some of our reduction efforts. For more information on carbon reduction and transition plans, please refer to sub-principles 2.3, 3.5, 3.6.

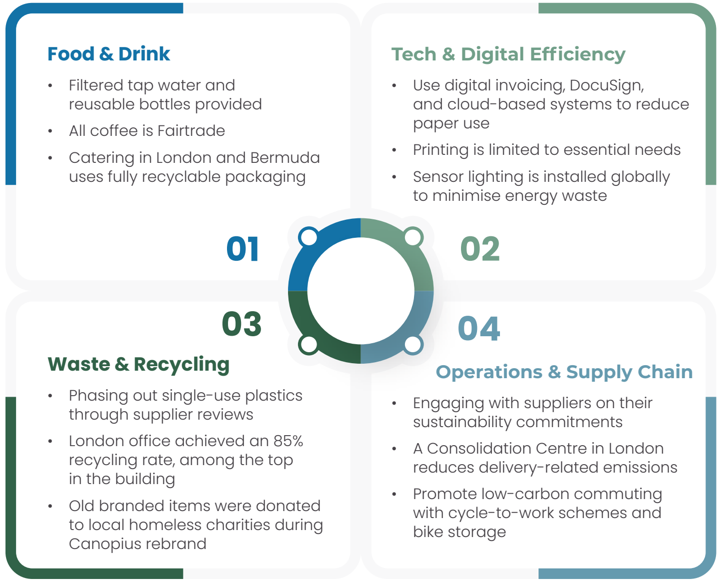
Business travel practices

In 2024, we introduced a new booking platform for business travel which provides employees the opportunity to view routes that are more sustainable. We are working to improve our choices by putting in measures to select sustainable options as Company preferred, including a display of the emissions savings achieved.

Wherever possible, travel is avoided, and international meetings are facilitated through the use of videoconferencing technology in all meeting rooms and on every work device.

Hybrid working environment

We operate a formal hybrid working environment, enabling employees to work remotely. This model provides a mechanism to reduce employee commuting and business travel supported by using activity-based working and laptops. This approach offers both environmental and social benefits, including the reduction of emissions while ensuring the operational effectiveness of the organisation.



Principle 2: Engaging Stakeholders

PRINCIPLE 2.2

Engage our employees in our commitment to addressing climate change and nature, helping them to meet this commitment in the workplace and encouraging them to make climate- and nature-informed choices outside work.

Canopius values open communication among the Board, management and employees, recognising that engagement is fundamental to a successful business. The management team regularly shares correspondence regarding business progress and other strategic updates via emails, articles posted on the Company intranet and through global and regional employee 'town hall' events.

Given the insurance industry's exposure to climate risk and nature-related impacts, Canopius emphasises the importance of employees understanding and engaging with sustainability topics within their work.

Engaging our employees

As part of the sustainability strategy, we are aiming to increase employee engagement by providing learning opportunities and introducing initiatives for greater involvement. This approach aims to align with strategic objectives by giving employees resources to support innovation and integrate sustainability into their responsibilities.

In conjunction with the Marketing & Communications Team, an engagement plan is being implemented. This includes launching a 'Sustainability Network' of employees, creating interactive platforms for regular updates, and increasing the number and visibility of informational events related to sustainability.

Additionally, we will ensure that all employee-focused initiatives are aligned with employee feedback, gleaned through Canopius' annual Employee Engagement Survey. The survey contains specific questions on sustainability, which provides data on employee awareness and engagement.

Sustainability matters – training and education

In 2024, we introduced 'The Sustainability School' which focused on the many facets of climate risk including the science behind the Earth's climate, the importance of decarbonisation efforts and reducing greenhouse gas (GHG) emissions and supporting employees to think about their own impact both at work and at home.

This year, we are opting to enact a more practical, insurance-focused approach to sustainability training that empowers employees to engage confidently with clients and other stakeholders. Building on feedback from previous sessions, we will develop sustainability content tailored to specific roles and areas of business, alongside role-relevant materials to support understanding of decarbonisation in areas like oil & gas and aviation. Following the success of our recent informational 'Lunch & Learn' event hosted by the Head of Sustainability, we will continue to offer engaging, accessible training formats that provide knowledge which is both relevant and actionable.

Canopius elevate programme

Senior management endorses our Elevate programme which is a programme designed to equip those with high potential to become future leaders, with the skills for fostering a culture of growth and innovation. In 2024, an Elevate cohort explored the business's nature-related dependencies (refer to sub-principle 1.7 for further information). This initiative not only reflects our commitment to empower employees, but to engage with material issues on climate and nature while contributing to an increased understanding and awareness and to be able to directly shape decision-making.

Employee volunteering

We enhance community engagement through the Charity Forum, an employee-led group that supports charitable causes connected to employees and the communities where we work by dispersing the Group's charity budget.

We are proposing, to the Charity Forum, that we support at least one charity linked to climate and nature conservation efforts. This strategic approach seeks to enhance employees' understanding of local nature and biodiversity issues while integrating awareness of climate-related issues into our corporate culture.

Additionally, Canopius offers all employees the opportunity to participate in two paid charity days each year. Employees are especially encouraged to volunteer during our 'Month of Giving' occurring every October. In 2024, we raised over £111,000 in support of more than 20 charities, and employees logged over 700 hours globally. This year, the Charity Forum aims to double the number of employees participating in volunteering activities.

Principle 2: Engaging Stakeholders

PRINCIPLE 2.3

Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our value chain, which might in turn impact our business.

In 2024, we engaged with two external consultancies, GateOne and Green Element Group, who specialise in helping businesses develop their strategy to accelerate transition through carbon accounting, environmental management and reduction initiatives. The purpose of this engagement was to help us calculate our 2023 global operational greenhouse gas emissions for scopes 1, 2 and 3 and recommend carbon reduction initiatives.

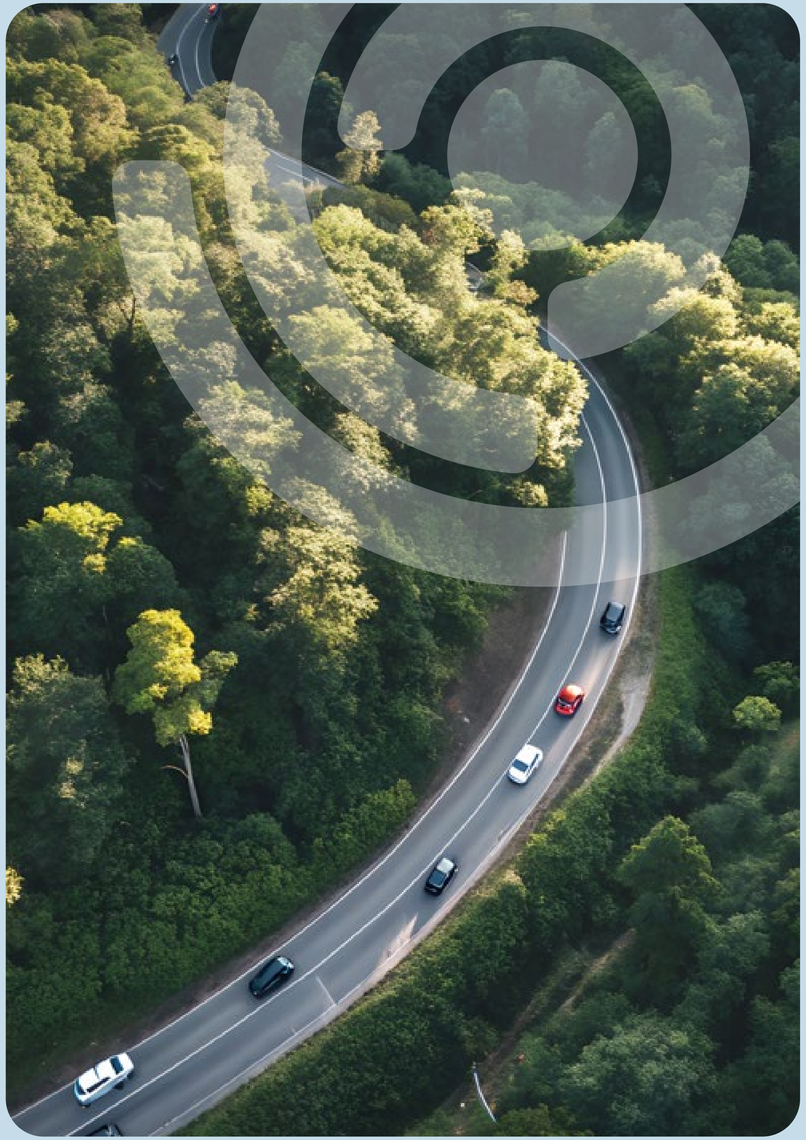
This project required a collaborative approach between Sustainability, Operations and Finance Teams to identify, collect, and calculate emissions data across all three scopes. In 2025, we continued our engagement with Green Element Group to calculate our 2024 global operational greenhouse gas emissions. The table detailed on the next page outlines our calculated emissions for categories under all three scopes for the Group for both 2023 and 2024, including the year-on-year change.

Carbon reduction initiatives

GateOne and Green Element Group delivered a detailed report outlining their methodology, key emissions hotspots, data quality scores, and recommendations to improve data accuracy and emissions reduction initiatives. As part of our commitment to reduce our emissions and improve data quality, we implemented a first wave of recommendations for the 2024 operational footprint detailed here:

- Improving data quality – Business services accounted for over half of our carbon footprint for 2024 and the largest emissions sources were from consultancies and subscriptions. These services were mapped using industry-average spend conversion factors which typically overestimate emissions.
- Supplier outreach - Green Element Group recommended a supplier outreach initiative in 2025 (for our 2024 footprint) to help reduce spend-based inaccuracies. For this initiative, we targeted material suppliers to submit their measured footprint. As a result of this additional work, we saw a significant reduction in emissions when using a measured footprint, compared to the spend-based method. This highlights the importance of ongoing supplier outreach and due diligence, which we have implemented into procurement processes (refer to sub-principle 2.4 for more information on supplier due diligence).
- Reduction Initiatives – To implement sustainable practices to our travel policy, we have made changes on the business travel booking platform to encourage more sustainable route selection (refer to sub-principle 2.1). Despite implementing these changes, we saw an increase from 2023 to 2024 which was a result of increased growth in our business requiring additional travel. This is an area that we continue to explore with the business – more details are included in our Transition Plan.

In 2024, we experienced an increase in our operational footprint as a direct result of business growth which included activities such as additional travel and expanding new office locations. We acknowledge that making more informed decisions about reductions requires a strategic approach and ongoing efforts to improve the quality of data from procurement and business services. Please refer to sub-principles 3.5 and 3.6 on transition planning for more detail on our plans.



Principle 2: Engaging Stakeholders

Canopius Group operational emissions

GHG emissions (tCO_2e) – market-based*	2023	2024	YoY change (tCO_2e)	% YoY change
Scope 1				
Business travel	0	2.95	2.95	100.00%
Site consumption (gas)	74.48	84.48	10.00	13.43%
Total Scope 1	**74.48**	**87.44**	**12.95**	**17.39%**
Scope 2				
Site consumption (electricity)	60.04	107.26	47.22	78.65%
Total Scope 2	**60.04**	**107.26**	**47.22**	**78.65%**
Scope 3				
Business services	9,772.78	9,928.79	156.01	1.60%
Business travel	4,317.72	5,775.71	1,457.99	33.77%
Procurement	1,157.57	1,129.06	-28.51	-2.46%
Employee working habits	346.94	331.32	-15.62	-4.50%
Site consumption	34.62	42.87	8.25	23.83%
Digital	192.31	169.49	-22.82	-11.87%
Freight	7.07	17.22	10.15	143.56%
Total Scope 3	**15,829.01**	**17,394.46**	**1,565.44**	**9.89%**
Scope 1, 2 & 3				
Total	**15,963.53**	**17,589.15**	**1,625.62**	**10.18%**

* Market-based emissions reflect emissions associated with the specific electricity contracts a Company purchases – it is a methodology provided by the Greenhouse Gas Protocol for tracking Scope 2 emissions

* Scope 3 Category 15 is excluded from the operational greenhouse gas emissions footprint

NB: Reporting year is 1 January to 1 December

Reporting scope and boundaries

Our emissions are calculated in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, the most widely recognised and used standard in carbon accounting. Scope 3 follows the methodologies set out in GHG Protocol's Scope 3 calculation guidance.

We report, as outlined in the GHG Protocol Corporate Reporting Standard, three scopes are as follows:

- **Scope 1** – Covering GHG emissions that Canopius makes directly.
- **Scope 2** – Covering emissions that Canopius makes indirectly.
- **Scope 3** - Covering all associated emissions indirectly contributing to Canopius' value chain.

Where possible, activity-based data was collected for our emission-generating activities. This included sources such as comprehensive travel reports, itemised purchase lists, water and waste quantities in m^3 or tonnes, and kWh of electricity used by our data hosting providers.

For offices where data could not be provided, estimations and extrapolations were made from sites with data to maximise coverage via activity-based data. The activity data was converted to GHG emissions using the average-data method, whereby secondary industry average emissions factors (e.g. tCO_2e per kwh, tonne, km) are applied.

To improve the accuracy of the carbon footprint, a portion of our Scope 3 emissions was captured using supplier-specific emissions data. This was achieved by directly surveying some of our material suppliers for their footprint, and allocating a portion of this to Canopius.

Finally, any remaining emission-generating activities were captured via our general ledgers. The ledgers were processed to identify any emissions sources not already captured through activity or emissions data, and were converted to emissions using the spend-based method, whereby secondary industry average emissions factors (e.g. tCO_2e per £ spent) were applied.

In addition to our reporting being shaped by regulatory requirements, we measure emissions from 1 January to 31 December year-on-year and across all our sites (London, Manchester, Bermuda, Singapore, Sydney, Melbourne, Chicago and New York). The emissions footprint consists of Scope 1, 2 and 3 emissions from a range of sources, which are captured in the diagram on the next page.

Principle 2: Engaging Stakeholders

Sources of reported emissions

- **OFFICE CONSUMPTION**
  - ELECTRICITY
  - GAS
  - WATER
  - WASTE
- **PURCHASED GOODS AND SERVICES**
  - PAPER
  - I.T. EQUIPMENT
  - FOOD & DRINK
  - DIGITAL NETWORK
  - OTHER SUPPLIERS
  - SERVICES
- **BUSINESS TRAVEL**
  - ROAD
  - RAIL
  - AIR
  - HOTEL STAYS
- **EMPLOYEE WORKING HABITS**
  - COMMUTING
  - WORKING FROM HOME

Improving GHG emissions tracking

As reported earlier in this sub-principle, improving emissions data quality is necessary for effective carbon reduction and transition planning. Green Element Group has assisted in identifying data gaps and the need for improved processes to enhance data accuracy. To ensure progress, efforts are being made to improve engagement with stakeholders both internally and externally.

Collaboration is ongoing with our Procurement Team to improve supplier outreach and strengthen due diligence processes (refer to sub-principle 2.4). Furthermore, partnerships with experts such as Green Element Group will continue to refine the approach, provide assurance on our calculated footprints, identify reduction opportunities, and evaluate performance against reduction activities and commitments. There is an emphasis on collective responsibility and knowledge sharing across global offices to support emission reduction initiatives.

Principle 2: Engaging Stakeholders

PRINCIPLE 2.4

Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services and understand the implications these have on our business.

Procurement process

We engage with our suppliers primarily through our procurement process. The Group Procurement Team has incorporated sustainability-specific questions into due diligence, onboarding and Request for Proposal (RFP) processes. This ensures that our suppliers are aligned with our sustainable procurement objectives. Our 'Source to Contract' tool now includes sustainability questions for suppliers in RFPs, providing insight into their activities relating to climate, nature stress and other social impact criteria such as modern slavery. The completed due diligence form is reviewed by a senior manager on the Sustainability Team and is assigned a risk score.

We are engaging with suppliers during the due diligence process to gather information on their sustainability strategy, carbon emissions disclosure and to learn about any climate goals, commitments or targets they are working towards. This information provides us with valuable insight and helps us to generate an emissions profile for our own supply chain, enabling better supplier selection with our own commitments set out in our carbon reduction plan.

We aim to continually enhance supplier data collection to better understand our supply chain's impact through improved process management information-gathering, automation, and reporting.

Additionally, we refreshed our supplier code of conduct, which sets out principles that will govern the relationship between the two parties, this includes a requirement that suppliers have processes in place to support sustainability throughout their supply chain. We will be sharing our policies with suppliers via a policy hub, which will be linked from our due diligence assessments, requesting that the supplier attests to reviewing the relevant policies and procedures. Through these actions, we have incorporated sustainability criteria into our supplier model.

PRINCIPLE 2.5

Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.

As part of our sustainability strategy, we aim to enhance our business by integrating new processes and analytics to better understand risks and opportunities. Achieving this goal requires mobilising internal resources, defining our priorities and conducting research and development with external partners.

Advances in catastrophe modelling

The Catastrophe Management Team includes experts from various scientific fields who analyse catastrophe exposure, run models and provide insights for portfolio representation. Each year, we send one member of the Catastrophe Management Team to University College London's Natural Hazards for Insurers course, which includes the requirement of writing a dissertation. For example, one dissertation topic a member of our team focused on was California wildfire and how the rate of occurrence has changed over time. The course provides an opportunity to develop further insights and contribute to research topics to better understand climate-related risks.

The Catastrophe Research Team evaluates and validates risks across regions and hazards and is increasingly having to factor in climate change. With dedicated research, Canopius maintains a leading role in adapting and applying catastrophe modelling to underwriting decisions. The team attends industry events and collaborates with academia to enhance research efforts. The Catastrophe Research Team operates within the Exposure Management Team at Canopius, working closely with all business lines and supporting risk and governance needs.

Principle 2: Engaging Stakeholders

FLOOD - Centre for Doctoral Training

Through the Catastrophe Management Research Team, we supported a Centre for Doctoral Training (CDT) programme convened by academics at Southampton University called FLOOD-CDT. With an initial letter of support and contribution to steering meetings, the CDT is operational and we are listed as industry partners with opportunity to submit project ideas and supervise PhD projects. We plan to develop and put forward project ideas in the hope of attracting a doctoral research student to work on areas aligned to our business needs. The students will benefit from funding potential, secondment opportunities and industry insights relevant to the research.

Education at work

For the first half of 2025, we supported a Doctoral Training Programme through a PhD at Loughborough University, undertaken part time by the Head of Catastrophe Research who is a member of Canopius' Catastrophe Management Team. The support was in the form of project time in Canopius hours as well as funding arrangements for the researcher.

This PhD aimed to investigate and characterise multi-hazard or compound risks that could pose a material risk and are associated with climate change. The goal was to identify how climate risks can amplify each other or cause knock-on consequences which increase potential economic and insured losses.

We will continue to look for opportunities where our employees can make meaningful contributions to climate research and the insurance market.

PRINCIPLE 2.6

Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.

We have a responsibility towards our clients and other stakeholder groups to find solutions to support an effective transition. Our involvement in debates on climate change impacts helps foster common understanding and coordinated efforts across the industry and public sector. Where relevant, we engage with regulators or governments directly, or through established industry associations when responding to consultations.

Canopius has a range of memberships spanning across business areas, which promotes positive engagement and ensures we are staying abreast of evolving climate policy.

Industry associations

Associations are an ideal platform to develop a collective response to regulatory demands, to address requests raised by external stakeholders and to inform public policy needs. We support Canopius representatives to be able to attend, contribute to, and feed back market developments and practices via committees, and working groups.

Industry association	
LMA Committees	• Climate Risk Working Group • Sustainability Committee • Joint Rig Committee – Renewable Energy Sub-Committee • Onshore Committee • Exposure Management Working Group • Joint Rig Committee – Survey and Engineering Sub-Committee • Actuarial Working Group for Climate Change
IFOA	• Climate Working Group
ClimateWise	• Managing Committee • Nature Steering Committee
PCAF	• PCAF Signatory
Singapore GIA	• Sustainable Underwriting Workgroup
22 Bishopsgate Building	• Sustainability Forum
Singapore Sustainable Finance Association	• SSFA Member

Principle 2: Engaging Stakeholders

Industry conferences and other industry engagements

We regularly participate in relevant events and speaking engagements where we can share our expertise and learnings from implementing our sustainability and climate strategy. We believe that active participation in public debates is important and can help to raise the overall standard of industry practices. In the first half of 2025, for instance, we contributed to an InsuranceERM webinar on insurance-associated emissions (in March) and a Better Insurance Network sustainability podcast (also in March). In addition, we participate in roundtable discussions aimed at supporting knowledge-sharing across the industry, such as those regularly hosted by Crowe UK.

Climatewise ideas exchange: sharing insight and progress on nature and biodiversity risk and opportunities

Members of the Elevate cohort who worked on the aforementioned nature and biodiversity project presented at the ClimateWise Ideas Exchange in March 2025 on their approach to nature-based materiality assessments for underwriting portfolios (refer to sub-principle 1.7). Their presentation titled, *Why nature matters for Canopius*, was complemented by Thomas Vergunst, Programme Director of Financial Sector Education at the Cambridge Institute for Sustainable Leadership (CISL), Finance Sector Education who spoke on *Nature: A strategic risk and opportunity management issue.*

This presentation generated good discussion among members and highlighted some of the general market challenges with conducting a materiality assessment for nature. The team continued discussions with Dr Nina Seega, Director of the Centre for Sustainable Finance at CISL which led to our joining of the Nature Steering Committee.

Supporting catastrophe modelling advancements promoted by Lloyd's

We embrace Lloyd's guidance and recommendations on validating catastrophe models in the speciality (re)insurance market. Adequately representing climate change is a key challenge for catastrophe model users across the Lloyd's market and an area where we have advanced our capability by investing in a strong Catastrophe Modelling Team. We are supportive of Lloyd's goal to enhance insurance market sophistication to help avoid biases and use capital and resources more efficiently.

PRINCIPLE 2.7

Where appropriate, work with policymakers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.

While we do not directly engage with policy makers in a formal capacity other than formal consultation processes where appropriate, we do engage with these stakeholders at industry events as attendees where we meet and discuss a range of climate topics informally.

Please refer to sub-principle 2.5 covering our contributions and collaboration with the scientific community, advancing catastrophe research topics.

Royal Meteorological Society

Our Head of Catastrophe Research was invited by the Royal Meteorological Society (RMetS) to participate in a masterclass session on windstorm risks as an expert responder. Additionally, as a member of the Insurance Special Interest Group from the Royal Meteorological Society, they contributed to the RMetS workshop with industry, academia and the public sector, with a report titled *Pathways to Successful Collaborations Between the (Re)Insurance Industry and Academia.*[1]

1 rmets.org/navigating-climate-challenges-insurance

Principle 3:

Enabling Transition

PRINCIPLE 3

Principle 3: Enabling Transition

PRINCIPLE 3.1

Integrate the consideration of climate- and nature-related risks and opportunities into investment strategies and decision-making.

We have an investment portfolio with USD $4bn assets under management (year ending 2024). The selection and monitoring of underlying securities is managed entirely by third-party asset managers, through mandates created and owned by the Canopius Investment Team. The Sustainability Team works closely with the Investment Team to develop and implement a suitable monitoring framework, including the consideration of climate topics. Nature is currently not an explicit factor in our investment approach.

Responsible Investment Policy

Our Responsible Investment Policy provides a framework for integrating sustainability considerations that are consistent with the overall business strategy and risk tolerances. We continue to work towards better understanding of our investment exposure from a climate risk and sustainability perspective, using a proportionate and risk-based approach. The Policy was developed in collaboration with the Investment Team and our third-party asset managers and approved by the Group Board.

The key areas covered by the Policy are how we select asset managers (requiring them to have a defined approach to integrating sustainability, preferably through membership of the UN Principles for Responsible Investment initiative), sustainability-related metrics we require on a regular basis (including the carbon footprint of the investment portfolio), investment exclusions (we have restrictions on investments in controversial activities which include fracking, Arctic drilling, oil sands and thermal coal) and positive investments we seek to make in order to generate impact (with an ambition to allocate 3% of our corporate bond portfolio to Green, Social and Sustainable (GSS) Bonds).

The Policy therefore shapes how we work with third-party managers as well as the data we collect to understand and monitor the profile of our investments. It impacts our selection of investments by restricting some and incentivising others, subject to availability and suitability.

Scenario analysis

In 2025 we carried out scenario analysis for climate risk within our investment portfolio – this will be an annual assessment going forward. Further, Canopius has adopted an Internal Model view on transition risk. The approach uses Network for Greening the Financial System (NGFS) NiGem scenarios to assess the macroeconomic impact of physical and transition risks, focusing on four scenarios established under the NGFS, namely: Delayed Transition, Nationally Determined Contributions, Net Zero 2050 and Below 2ºC.

We utilise the Moody's Economic Scenario Generator (ESG) to find scenarios that match the interest and inflation rates produced by the NGFS scenarios. These scenarios in the ESG produce expected investment returns, which are compared to projected investment income using Internal Model methodology.

The output of our work has been shared with the Sustainability Forum and will be discussed at the relevant Group Committees (including the ESS Committee) to assess any potential impact on investment strategy.

Principle 3: Enabling Transition

PRINCIPLE 3.2

Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.

Engagement

As we invest entirely through third-party managers and almost entirely in fixed income securities, the scope for direct engagement is limited. We do not have any active dialogue with portfolio companies. We do engage frequently with our asset managers and will do so increasingly as our requirements around climate evolve. Through this approach, we can help to drive for more integration of climate and transition considerations within the asset management industry.

Reducing negative impact

Our investment restrictions are driven by climate considerations and therefore exclusions are limited to certain industries. This is aligned to our Responsible Underwriting Framework. Those relevant activities are monitored and enforced separately by each asset manager using the screening tools available to them (and in particular, assessing against our corporate bond investments).

Restricting investments in the following activities reduces the negative climate impact of our investment portfolio:

CONTROVERSIAL ACTIVITY	INVESTMENT RESTRICTION
Oil & gas	Canopius has no appetite to invest in companies that derive 20% or more of their turnover from oil & gas activities in the AMAP region*.
Thermal coal	Canopius has no appetite to invest in companies that derive 20% or more of their turnover from thermal coal mining or power plants.
Oil sands	Canopius has no appetite to invest in companies that derive 20% or more of their turnover from oil sands.
Hydraulic fracturing	Canopius has no appetite to invest in companies that derive 20% or more of their turnover from hydraulic fracturing.

*AMAP as defined by the Arctic Council. Norway is excluded due to robust additional standards enforced by the Norwegian Petroleum Directorate

Carbon footprint of investment portfolio

Much like how we are working to understand our underwriting and operational footprint, we seek to achieve a level of understanding for our investment portfolio. The Sustainability Team requests and tracks greenhouse gas emissions metrics, such as the Weighted Average Carbon Intensity (WACI), for our corporate bond portfolio as there is good availability of data for this asset class.

We are working with our other asset managers, notably our structured asset managers, to collect relevant and consistent data going forward. In 2024, the carbon footprint of our investments was 199 tonnes CO_2e (20.4 excluding Scope 3) and the WACI was 1068 tonnes CO_2e/$ revenue (187 excluding Scope 3). These metrics relate to the corporate bond portfolio only.

We have not currently set any targets related to the carbon footprint of our investments – however, we will revisit this as the data quality improves and as we expand the scope of coverage beyond corporate bonds.

Investing in opportunity

We have set an ambition of allocating 3% of our corporate bond portfolio to Green, Social & Sustainability (GSS) Bonds, starting from 2025. Further, we will seek to invest only in bonds that have been certified as being robust, e.g. by the Climate Bond Initiative, and we will work with our asset managers to ensure we are investing in high-quality schemes aligned to our ambitions and investment appetite.

As we do not currently have appetite for equities, the scope of what is appropriate to consider is limited to fixed income investments. This will be revisited over time, to assess whether more direct impact investments might be suitable.

Principle 3: Enabling Transition

PRINCIPLE 3.3

Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.

As a property and casualty (re)insurer, we are exposed to the impacts of climate change through the increasing frequency and severity of weather-related events, the geopolitical and economic impacts as the world transitions to a lower-carbon economy and the increasing exposure to climate-related litigation. We are also acutely aware of the impacts these risks have, both directly and indirectly, on nature capital. As these interconnected risks evolve, we recognise the importance of taking a proportionate approach to better understanding the risks, impacts and opportunities through risk quantification and model use.

Model use at Canopius

We have a robust strategy for underwriting various climate-related catastrophe perils globally. We evaluate the suitability of models to examine climate change and leverage their capability to assess physical risks, including tropical cyclones, floods, wildfires, severe convective storms, and secondary hazards such as storm surges. Using commercially available models, we test for suitability against our portfolio of risks and, if required, we adjust based on our Catastrophe Research Team's insights. Through this, we can weigh up the impact of various alternative views of risk versus the previous versions or default model settings. If a change is seen as significant then a view of risk update is required. This would include model review and validation as well as an adjustment to correct for gaps in the model or to better represent Canopius' portfolio mix. Where no commercial models exist, we develop in-house methods to assess the risk.

Physical risk

For physical risks, we conduct the PRA's CBES exercise to test physical and transition risks on our business. The metrics are calculated at 10- and 30-year time horizons under 'early action', 'late action' and 'no action' scenarios. Associated temperature increases are also taken from the NGFS scenarios based on the six combinations of time horizon and scenario pathway to anchor the metrics against Intergovernmental Panel on Climate Change (IPCC) projections (refer to sub-principle 1.10 for more information). An independent review conducted in 2023 confirmed that our methods align with those of the leading Lloyd's market managing agents.

The Lloyd's market promotes an understanding of business risks, including view of risk through its Principles for Doing Business. Our scenario and stress test methodology contribute to our overall strong analytics and exposure management rating of 'advanced' for our Lloyd's managing agency business.

Principle 3: Enabling Transition

Transition risk

In the absence of credible quantitative models for transition risk for our underwriting portfolio, we developed a qualitative approach to transition risk assessment for identified lines of business within our Lloyd's Syndicate insurance portfolio. The purpose of this assessment was to assess financial impacts from different transition scenarios and better position ourselves to navigate the challenges and opportunities presented by the global shift to a low-carbon economy.

Once the relative lines of business were identified, we assessed the four major financial drivers of transition risk, namely – shift in market demand, policy and regulation, technological shifts and reputational risks. By line of business, we delivered granular heatmaps based on sector and region, as illustrated to the right.

The outcomes from climate risk assessments are discussed with, and validated by, underwriters for their respective portfolios. The final outputs are incorporated into the business planning process. Underwriters are expected to provide key considerations for relevant climate risks, referencing the management of key risks and capitalising on opportunities aligned to our risk appetite.

To advance our understanding of the impact of transition risk on our clients, we will be developing our approach to insurance-associated emissions d using MSCI and PCAF methodology. (refer to sub-principle 1.7 for more information.)

Transition Risk Drivers

- SHIFT IN MARKET DEMAND
- POLICY & REGULATION
- TECHNOLOGICAL INNOVATION
- REPUTATIONAL RISKS

PRODUCT	UW DIVISION	CLASS OF BUSINESS	TRANSITION RISK
Property & Casualty	**PROPERTY**	Direct & Facultative	Low
		North America	Low
		UK	Low
		NAF Vave	Low
		Delegated Authority Australia	Low
	HEAVY INDUSTRY & ENGINEERING	Heavy Industry	Moderately High
		Engineering	Moderate
	CREDIT POLITICAL & CRISIS	Sabotage and Terrorism	Low
	CASUALTY	Excess Casualty	Moderate
		Australia Casualty	Low
		Medical Professional Liability	Low

Principle 3: Enabling Transition

Nature-related modelling and informing underwriter strategy

As part of our Elevate programme (refer to Sub-Principle 1.7), we conducted a materiality assessment to understand how our business impacts nature. Their findings, presented to the ESS Committee, recognised the importance of developing and embedding nature and biodiversity risks into underwriting models. In the short term, we're addressing data gaps and rolling out double materiality assessments. Medium-term efforts include development of scenario testing. Long term, we aim to conduct the TNFD's LEAP assessments across relevant business classes and evaluate nature-based parametric solutions. Ultimately, embedding nature and biodiversity risks into our models should help guide underwriting strategy on these risks.

Direct impact on underwriting

Depending on the region and line of business, our efforts to better understand climate risk are already impacting our client selection and pricing. For example, high physical risk will mainly lead to direct underwriting implications within our physical damage (re)insurance. Further, high climate liability risk will impact our casualty products for that client and may trigger the need for particular terms and conditions.

As our initiatives develop further, we may be able to directly feed more climate- and nature-related factors into our underwriting – in particular, transition and nature risk. This is not currently done, as we do not yet feel we have a sufficient level of understanding of the quantifiable impacts these risk drivers have on underwriting. The work we have done in 2025 has built a good qualitative foundation for this, but more analysis is needed.

PRINCIPLE 3.4

Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature-related issues of the insured structures through pricing of policies.

We do not currently incorporate such incentives into our product terms and conditions or pricing, although we intend to move towards this where appropriate. In the meantime, our Responsible Underwriting Framework is designed to raise awareness within the underwriting community and to provide a basis for constructive discussions with clients. We encourage our underwriters to include sustainability considerations in their daily underwriting processes in conjunction with sound actuarial principles and the relevant regulatory frameworks. In 2026 and beyond, we will work to build out our transition- and nature-related product offerings to better support our clients in their transition journeys.

Building relevant incentives into terms and conditions may be part of how we develop our products in the future, and this can be applicable across many lines of business. We aim to review pricing incentives in the future as we develop a better understanding and identify a clear link between climate, nature-related issues and claims performance.

Principle 3: Enabling Transition

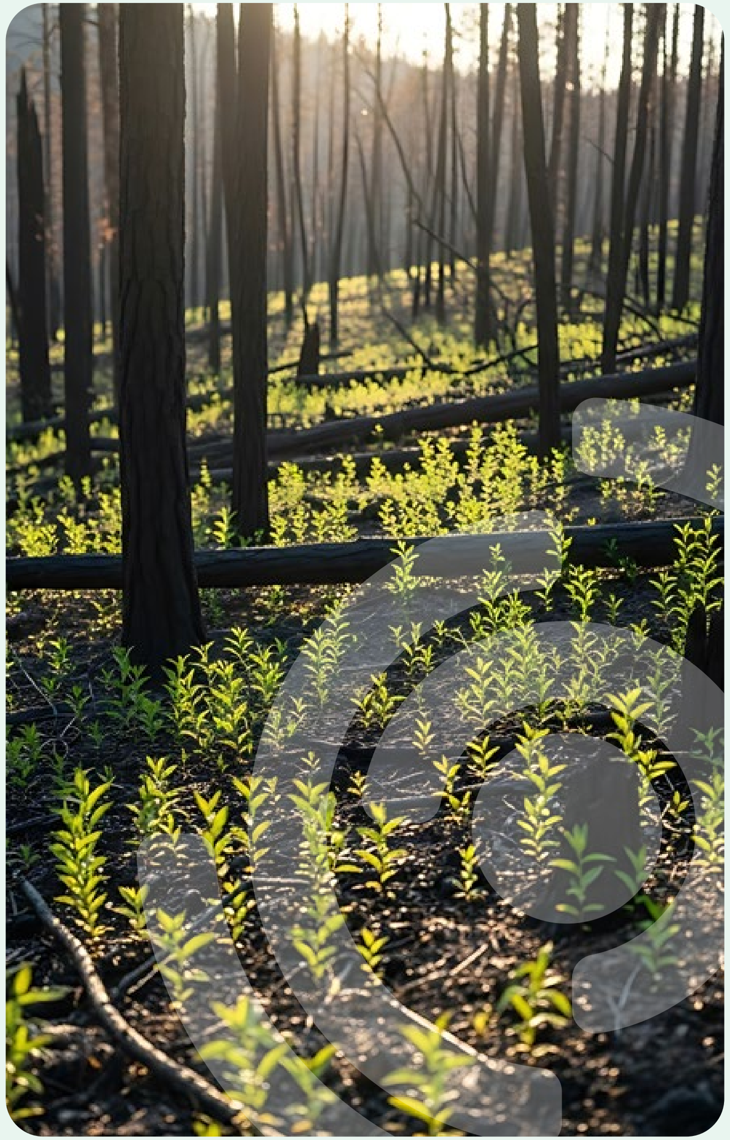
PRINCIPLE 3.5

Disclose our climate- and nature-related transition plans and the objectives, priorities and commitments we are looking to address.

For our ClimateWise submission, we attached our full 2025 Transition Plan. This is the first plan that Canopius has produced. As it is an internal document detailing the implementation of our climate commitments, we do not currently plan to publish it.

The Plan follows the structure and recommendations of the UK's Transition Plan Taskforce (TPT). It therefore contains five key sections, covering (1) Foundations, (2) Implementation Strategy, (3) Engagement Strategy, (4) Metrics & Targets and (5) Governance.

The focus is on detailing how we plan to work towards our operational net zero commitment, although the Transition Plan also covers planned initiatives in relation to investments and underwriting (detailing how we intend to improve our understanding of what transition means in these parts of our business).



PRINCIPLE 3.6

Describe how the transition plan is overseen, resourced and implemented.

Our Transition Plan has been created by the Sustainability Team, drawing on discussion and collaboration with various other teams across the business which will be responsible for implementing it (e.g. Facilities, Investments, Risk, Actuarial). The Plan has been approved by our Leadership Team and ESS Committee. We have committed to revisit the Transition Plan on an annual basis in order to ensure it remains up to date and reflects progress made – though we may not necessarily adjust our commitments and initiatives on an annual basis.

Principle 4:

Disclosing Effectively

PRINCIPLE 4

Principle 4: Disclosing Effectively

PRINCIPLE 4.1

Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.

As a private Company, we are currently exempt from certain mandatory disclosures related to sustainability and climate which apply to many of our immediate peers. We have been developing our voluntary disclosures as we believe this is best practice and also prepares us for future, more extensive regulatory requirements.

Disclosure against ClimateWise principles provides us with a framework to better understand the risks and opportunities on climate and nature by utilising and reporting on a multitude of metrics and processes performed by various capabilities across the Group.

Climate risk assessment and metrics

We measure the financial risks of climate change using both qualitative and quantitative methods and tools. This helps us to assess risk where there are still limitations in using quantitative data or where it is not yet available. We take a pragmatic and proportionate risk-based approach and work to implement more defined targets and tolerances for climate risk. For risk appetite, climate risk is factored into our view of catastrophe risk, which is used to inform our overall risk exposure against an approved tolerance limit which is based on a percentage of our Tangible Net Asset Value (TNAV).

The matrix below outlines both qualitative and quantitative methods we use to track and monitor the drivers of climate risks, by business area:

	OPERATIONS	UNDERWRITING	INVESTMENTS
LIABILITY	Green washing management	Scenario analysis	CMA ORSA
TRANSITION	Operational transition plan	Transition risk assessment by LOB	Transition risk assessment (includes physical risk); GHG emissions calculation (corporate bonds only)
PHYSICAL	GHG emissions calculation	Scenario analysis; Non-Nat CAT PACK; % exposure to thermal coal; % exposure to oil sands	GHG emissions calculation; % exposure to thermal coal; % exposure to oil sands

KEY: Qualitative Quantitative

PRINCIPLE 4.2

Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets used for monitoring progress.

We are developing our approach to climate-related metrics to better monitor and assess the business's contribution to climate change risks, which have been discussed throughout this report.

Below is a summary of the key climate-related metrics we currently track:

CAPABILITY	METRIC	SUB-PRINCIPLE
Underwriting	Insurance-associated emissions (Scope 3 Cat 15 CO_2e)	1.7
Investments	Investment-associated emissions (Scope 3 Cat 15 CO_2e)	3.2
	Carbon intensity (Scope 3 Cat 15 CO_2e/$)	3.2
Operations	Operational Emissions (Scope 1, 2 & 3 CO_2e)	2.3

Principle 4: Disclosing Effectively

PRINCIPLE 4.3

Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.

Report production

Our ClimateWise report is produced in accordance with our Reporting Disclosure Policy. The policy outlines its principles focusing on transparency, accountability and materiality. The policy framework is used for sustainability-related disclosures. This ensures we employ a robust and consistent control approach to collecting, analysing, reviewing and validating data or content before disclosure and publication. The draft ClimateWise report is reviewed against this policy and includes an outline of the control process followed. An original version of this report is maintained to capture all changes made within the document. Our focus on continuous improvement includes capturing "lessons learned" and considering how to incorporate these into future reporting.

Our approach to review

The ClimateWise report includes inputs from the ClimateWise Working Group (refer to sub-principle 1.3), composed of subject matter experts from various business areas. These inputs inform the draft report created by the Sustainability Team. The Head of Sustainability provides a critical review of the draft report before submission to Sustainability Forum members for feedback, and challenge.

Following this process, the draft report is sent to the Leadership Team and ESS Committee for further review and approval. The Head of Marketing and Communications plays a crucial role in ensuring the appropriate use of language throughout the review process.

GHG assurance

Selected GHG emissions are included in this report, including sub-principle 4.2 and included in the Canopius Holdings UK Limited Annual Report (SECR only). Our Operational GHG emissions are calculated (and thereby validated*) by an independent third party, Green Element Group, who apply widely recognised GHG Protocol methodologies and internal quality checks to ensure accuracy and consistency.

*This validation does not constitute third-party assurance.

PRINCIPLE 4.4

Annual submission against the ClimateWise Principles.

We attest to submitting a full disclosure report including supporting evidence against the ClimateWise Principles by the deadline. A version of this report is available on our website as part of our commitment to transparency.

PRINCIPLE 4.5

Annual public disclosure of the climate-related disclosures, including ClimateWise Principles as part of annual reporting.

The reporting period for this report is 1 August 2024 to 31 July 2025. However, all financials or modelling outputs are for the financial year end 31 December 2024 unless stated in the report.

PRINCIPLE 4.6

Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

The purpose of this document is to outline our internal governance, processes and reporting on climate risk management while detailing the measures and actions we are taking to manage the risks and opportunities associated with climate and nature.

For transparency, we publicly disclose a version of this ClimateWise report on our website for our clients, brokers, our people, investors or other key stakeholders.

Canopius

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