



2024 REPORT

Climate-Related Disclosures





About this report

We are pleased to present our annual publication in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), as now maintained by the IFRS Foundation. This report summarizes our climate-related governance and strategy, approach to climate-related risk management and related metrics, as of December 31, 2024. It reflects how FM incorporates and manages the effect of climate-related impacts, risks and opportunities on our business.

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Message from our CEO



For many of us, 2024 will be remembered as a year of climate challenges. Our planet experienced record global temperatures. Extreme weather events touched every part of the globe, leaving record numbers of people displaced, and lives, economies and communities devastated.

As a world-leading commercial property insurer, FM’s purpose—to protect today for a better tomorrow—is deeply rooted in the engineering and science-based research and innovation capabilities that have been at our core since 1835. As global economic losses due to natural catastrophe continue to escalate, we share the same sense of urgency as many in business, government, academia and research institutes around the globe, to find solutions to the devastating impacts of climate risk. As a mutual organization, we remain as committed as ever to partnering with clients to protect their business operations against climate and other challenges, to prevent losses before they happen.

In 2024, FM returned approximately US\$400 million to eligible clients in resilience credit, bringing the total allocated over the past three years to over US\$1 billion. This unique form of credit encourages clients to invest in their own resilience. With an original focus on protecting operations from the increasing frequency of extreme weather, the scope of this most recent credit expanded to support investment in and transition to renewable energy.

For over 70 years, we have served power generators in a variety of energy sectors. Now, the formation of FM Renewable Energy focuses on research, standards development and loss-prevention engineering to help clients who are transitioning to alternative energy. This coming year, we will also be expanding our global scientific capabilities as we break ground for the state-of-the-art FM Science and Technology Centre, Europe. The Centre, based in Luxembourg, will have a key focus on cutting-edge research on climate hazards, partnering with leading research institutes as we bring together the best in scientific thought on this vital topic.

For every business protected by FM, there are positive downstream impacts on supply chains, communities and economies. With our strong financial ratings and continued investment to support clients to stay ahead of risk, we believe FM can serve as a sustainable source of stability in an uncertain world. There is no better way to protect the future of our planet for the next generation.

A stylized, handwritten signature in black ink, appearing to read 'MCR', with a long horizontal flourish extending to the right.

Malcolm C. Roberts
Chairman and chief executive officer



Governance

Our governance

FM is a mutual insurance company owned by its clients and benefits from a well-established corporate governance structure reflecting our mutuality. Our board of directors (board), eight advisory boards and five risk management executive councils are at the center of our corporate governance. Along with our executive management, these bodies play a critical role in FM's strategy, direction and governance.

Oversight of climate-related risk

The board has overall responsibility and oversight for the management of FM's climate-related impacts, risks and opportunities, together with the strategy for supporting client efforts in climate-related resilience and loss prevention.

The board is supported by the business risk executive committee (BREC), the corporate planning committee (CPC) and the regional risk management committees (RMCs). The board, the BREC and regional RMCs consider climate-related risks and opportunities as part of our risk management framework.

FM's chief sustainability officer (CSO) supports the development and execution of our long-term sustainability strategy, including climate-related impacts, risks and opportunities. A sustainability subcommittee of the CPC, comprised of business and functional subject matter experts within FM, provides leadership, direction and accountability. Day-to-day management of material sustainability issues is the primary responsibility of the CSO in consultation with the sustainability subcommittee and internal and external experts, as needed. Key functional and executive leaders also have responsibility for the management of FM's climate-related impacts, risks and opportunities including the chief science officer, chief engineer, director of structures and natural hazards research, chief underwriting officer, head of renewable energy and chief investment officer.

For more information on FM corporate governance and performance, please see the 2024 FM Annual Report.





Strategy

FM's sole focus is commercial property insurance. Since 1835, we have been a pioneer in the innovation and engineering of resilience for our clients with the aim of protecting today for a better tomorrow.

Climate-related chronic and acute physical risks present material property damage and business disruption exposures to many of our policyholders. Their increasing incidence and severity can impact FM's underwriting exposure, while our own operational locations and property portfolio are also subject to these physical risks.

Transition risks associated with the shift towards a lower-carbon economy, which may include renewable energy and other technological developments, current and emerging regulation, litigation, shifts in markets and changing customer or community perceptions, may impact our business in the medium to long term. Potential impacts include valuations of our policyholders' insurable interests, increased losses from immature technologies, changing energy costs and adherence to carbon and other environmental regulations.

Climate-related risks are also recognized as a meaningful component of the broader set of investment risks embedded within financial assets.



Our vision

Our sustainability vision—resilience is for everyone—comprises four focus areas: strengthening communities, countering climate change, accelerating the renewables ecosystem and empowering employees to thrive.

To counter climate change, we apply and expand our science-based knowledge and solutions to enable adaptation to and protection against climate-related risks, while reducing our own impact to the environment. Our goals are to:

- Help our clients reduce their climate-related risk and its impact on their businesses and communities.
- Manage the environmental impact of our global operational footprint for a more sustainable planet.
- Support our clients as they transition towards cleaner energy sources, incorporating sustainability perspectives and the associated business risks in our approach.

To accelerate the renewables ecosystem, we aim to advance the renewables industry through research and innovation, supporting the transition to alternative energy. Our goals are to:

- Support the global transition to renewable energy by providing new, innovative, market-leading insurance products and services.
- Use our engineering and research and recommend FM Approved products to reduce risk and losses associated with renewable technologies.

Helping our clients reduce their climate-related risk

Researching the evolving science of current and future climate both informs our business and enables us to develop risk management solutions for clients that protect our mutual business model. This is evidenced by analyses undertaken after major weather events, which have consistently shown that clients that implement our recommendations experience lower losses than those that do not act.



Strategy

Climate strategy

FM has more than 140 researchers, scientists, engineers and technicians dedicated to evaluating the potential for natural and technological catastrophes, developing innovative methods and tools to predict and prevent property damage and providing technically sound and cost-effective loss prevention engineering solutions to clients.

FM's global research and knowledge network includes the FM Research Campus in West Glocester, Rhode Island, USA; the FM Science and Technology Centre, Asia Pacific, in Singapore; and the FM Science and Technology Center, Americas, in Norwood, Massachusetts, USA. Together these house state-of-the-art laboratories, testing areas, interactive simulation facilities and learning spaces that enable us to undertake a wide range of climate-related risk management activities, such as:

- Studying the short- and long-term effects of severe weather and climate-related hazards.
- Researching how climate-related risk is affecting unprepared organizations.
- Developing solutions to mitigate climate-related risk and expand adaptation capabilities.
- Testing and certifying third-party climate loss prevention products.
- Demonstrating to visitors how risk mitigation and engineering can prevent losses.

To expand our global network of resilience, FM is investing in two new state-of-the-art facilities—the FM Science and Technology Centre, Europe, in Luxembourg and a new research and client center at the FM Science and Technology Center, Americas. When complete, we will have world-class facilities dedicated to advancing scientific research and sharing risk mitigation practices with clients and stakeholders in the Americas, Europe and Asia Pacific.

Our research division engages in direct discussions and partnerships with reputable research institutions and scholars, participating in scientific workshops and leading discussions at local, national and international levels. We bring our climate research, engineering and analytical capabilities to partnerships with public, private and academic organizations across the globe, including:

- Collaborating with the Institute for Catastrophe Risk Management at Nanyang Technical University in Singapore.
- Leading the advisory board and collaborating with Western University, Ontario, Canada on the design and operation of their wind research facilities.
- Developing guidelines to design and test ballasted roof-mounted and fixed-tilt ground-mounted solar panel installations with Western University and the American Society of Civil Engineers.
- Increasing the understanding of wind loads and critical wind speeds that can cause aeroelastic instability for ground-mounted single-axis tracker solar panel arrays with Western University.
- Conducting research with the Wind Engineering, Energy and Environment Research Institute and Texas Tech University, Texas, USA, to protect properties against severe tornadoes.
- Leading the advisory board leadership and collaborating with the Extreme Events Institute at Florida International University, Florida, USA, focusing on wind and storm surge hazards.
- Developing accurate storm surge models for the East Coast and West Pacific regions of the USA with Notre Dame University, Indiana, USA.
- Investigating the interface of sustainability and resilience as a member of the United Nations Office for Disaster Risk Reduction Private Sector Alliance for Disaster Resilient Societies.
- Collaborating with the National Oceanic and Atmospheric Administration, United States Geological Survey and Federal Emergency Management Agency on the review and exchange of climate-related data and studies.

FM Approvals

FM Approvals tests property loss prevention products and certifies those that meet rigorous loss prevention standards. During testing, product performance is evaluated under conditions consistent with climate change and the natural hazards associated with more frequent and severe climate-related risks.

The Approval Guide and RoofNav include climate-related risk mitigation products that meet rigorous loss prevention standards including flood barriers, flood sensors, roof-mounted and ground-mounted rigid photovoltaic module systems, high-strength roof assemblies and hydrocarbon and water leak detectors.



Climate-related risk insights

FM—in collaboration with climate research institutions—uses a physics-based computational modeling and analytics approach to understand how climate change is affecting natural perils now and in the future. This approach links the latest science-based data, global climate model projections and location specifics from our engineering site visits to understand property and business interruption exposures.

The methodology considers relevant scientific insights on factors such as rainfall, windspeed and terrain to provide a comprehensive view of a property's exposure to climate-related risk as well as prioritized opportunities to improve climate resilience. The potential impacts of two acute—extreme precipitation and wind—and three chronic—temperature, drought and sea level rise—climate perils are assessed across three climate change scenarios based on the Intergovernmental Panel on Climate Change, for 2030 and 2050.

Climate change is a complex and evolving issue that requires ongoing monitoring and adaptation. Our physics-based climate-related risk analysis approach leverages the latest advancements in analytics, including artificial intelligence and machine learning to enable continuous evolution and improvement.



Strategy



Climate resilience products

Our engineering, scientific and research-backed approach to assessing and mitigating climate-related risk allows us to support our clients with the adaptation and resilience solutions they need. A suite of climate resilience products to assess climate-related risk and prioritize improvements helps our clients and partners take more control in this ever-changing environment.

Resilience credit

In 2024 FM issued our third resilience credit, a unique premium credit to support client investment in climate resilience. This US\$400 million credit brought the total allocation to more than US\$1 billion since the program's inception in 2022, reflecting our mutual structure and our commitment to help clients combat climate-related risk.

Climate Risk Report

The Climate Risk Report provides clients with a unique view of their current climate-related physical risk exposures, harnessing hundreds of millions of property risk data points collected in approximately 40,000 engineering risk service visits to client sites around the globe each year.

Climate Change Impact Report

The Climate Change Impact Report leverages our climate-related risk modeling and engineering data to assess the future impact of acute and chronic physical risks at visited client locations. This helps us and our clients evaluate the long-term reliability and effectiveness of current risk mitigation solutions.

Climate Reporting Aid

The Climate Reporting Aid helps clients to use FM's climate-related risk information in their climate strategy and associated climate-related reporting.

FM Resilience Index

The FM Resilience Index captures the relative resilience of a country's business environment. The index comprises six physical factors and 12 macro factors that combine equally to form the composite score for 130 countries and territories. It incorporates three climate measures:

- Climate risk exposure reflects current threats such as severe floods and windstorms.
- Climate change exposure reflects estimated wind and flood impacts by 2050.
- Climate risk quality reflects building codes, code enforcement and facilities improvements.

Natural hazard toolkit

FM provides publicly available tools to assess and mitigate the impact of climate-related events. Our natural hazard toolkit offers resources to help clients and other organizations prepare for and respond to floods, windstorms and other severe weather. We have also developed interactive global flood and freeze maps and a hail map for the US.

“Arca Continental’s Risk Management Model is designed to anticipate, mitigate and effectively respond to potential threats. As part of this framework, we incorporate FM’s climate resilience products into our risk mitigation and asset protection strategies, thereby safeguarding our operations and enhancing business continuity. This strengthens our capacity for long-term adaptation and supports our commitment to sustainability.”

Emilio Marcos Charur

Chief financial officer, Arca Continental
FM client since 2016



Supporting the transition to cleaner and renewable energy

The use of renewable energy is being explored by every industry and the renewable energy market is expected to experience accelerated growth for the next several years. With new technology comes new risks—the landscape is complex, costly and still fluid. Insurance industry experience shows an increased volatility of losses associated with immature renewable energy technologies, creating a need for technological and insurance solutions.

To help clients navigate through the complexity, in 2024 we launched FM Renewable Energy. This enables us to leverage our research, engineering and product expertise to influence design for long term resilience and reliability, ensuring renewables can be built and operated in a resilient way. Our stable capacity and strong balance sheet enable us to develop insurance products to support the renewable energy market. These initiatives will reduce the risks associated with renewable technologies and promote their adoption.

In the meantime, FM places significant restrictions around the categories of fossil fuel business that we underwrite—we do not insure the extraction and production of oil and natural gas, while standalone coal mining and handling have been prohibited for several years. Consequently, our fossil fuel book is a small proportion of our business, made up primarily of clients in the power generation and chemical industries.

Our power generation book includes locations that use thermal coal as a fuel source. Burning coal to generate electricity accounts for a significant proportion of global greenhouse gas (GHG) emissions so transitioning to more sustainable energy sources is a societal priority to address climate change. We support clients who are transitioning, providing guidance for retiring assets and for construction projects to transition to lower emitting fuels, leveraging our unique engineering expertise.

Strategy

Circle of resilience

We believe one of the most effective strategies to address FM's climate-related impacts, risks and opportunities is to help our clients identify, assess and manage their climate-related exposures.

If our clients are better prepared to face climate-related physical risks, by implementing loss prevention and risk management solutions, they are likely to suffer fewer losses and better manage those that do occur. Our mutual company structure allows more capital to go back to work for our clients.

Reducing our environmental impact

FM is reducing the environmental impact of our global operational footprint in the following ways:

- Solar arrays and LED lighting at our corporate headquarters in Johnston, Rhode Island, USA and the FM Research Campus.

- Geothermal energy and electric building systems at our Science and Technology Center, Americas and Science and Technology Centre, Europe.
- Company fleet program that offers a range of electric and hybrid vehicle options and electric charging reimbursement.
- Solar arrays at six properties within FM's real estate investment portfolio.



FM corporate headquarters



The FM Science and Technology Centre, Europe



Climate-related risk in our investments

We continually evaluate potential risk, return, and diversification opportunities across assets to inform our investment strategy with the goal of protecting and optimally growing the surplus for the long-term benefit and protection of our policyholders. Potential risk exposures can be driven by numerous fundamentals, including regulatory forces, geographical factors, supply chain dynamics and firm-specific competitive positioning and strategy, as well as customer and investor sentiment.

Climate-related risks are also recognized as a meaningful component of the broader set of investment risks embedded within financial assets. We are taking a prudent approach to assessing and incorporating climate-related risk considerations within our investment portfolio to ensure alignment with our long-term investment strategy. We work with several high-quality investment firms that have a commitment to allocating resources and expertise to climate-related risk analytics and to the integration of potential transition-related risk factors, alongside other fundamental and technical inputs within their investment decision-making processes. We continue to make progress in the measurement of carbon emissions, carbon intensity and other exposures associated with the publicly traded equity portion of our investment assets.

We selectively invest in strategies that are focused on the transition to a lower-carbon economy, and believe that such investments incorporate the quality, innovation and long-term growth

characteristics that are well aligned with our overall investment strategy, contributing to long-term stability and resilience. We believe that important investment opportunities will continue to arise related to the transition to a lower-carbon economy with the development of innovative technologies and solutions across a wide range of asset types, over the long run.

As the understanding of climate impact across markets matures, our strategy in this area will evolve too. Overall, we see the incorporation of climate-related risks and opportunities in the management of our portfolio as prudent and additive to portfolio resilience, consistent with our overarching principle to invest in a strategic manner focused on the long-term growth and protection of surplus for the benefit and protection of our policyholders.

Climate resilience in our financial planning

As a regulated commercial property insurance company, we comply with various regulatory and solvency requirements globally and have embedded a robust actuarial-based capital modeling approach to our financial planning and solvency and liquidity management. Several jurisdictions require own risk and solvency assessments (ORSA) to be prepared annually, which consider climate change in their capital modeling. The Factory Mutual Insurance Company (FMIC) audit committee and board review and approve the FMIC ORSA annually.

Risk management

Client risk assessment

FM is a location-based underwriter—our specially trained engineers visit client facilities and evaluate them based on construction, occupancy, protection and exposure. Exposures that could cause a property loss are evaluated and recommendations to address those exposures are prepared for each visited location. Almost 1,000 FM engineers conduct more than 40,000 in-person location visits each year.

Underwriting

The high-quality information gathered from location visits enables us to develop a detailed understanding of the property damage risks—including climate-related physical risks—at each location. Various scenarios are assessed to determine aggregate exposures, using the location-based information together with scientific models—proprietary techniques developed by our research scientists as well as commercially available packages. Compared to the use of models alone, this approach significantly improves our understanding of exposures and enables the efficient deployment of insurance and reinsurance capacity with appropriate terms and conditions.

Potential growth of FM's exposure to climate-related risk is managed through new business risk selection criteria. Terms and conditions are applied to locations exposed to climate events to manage our liability, which can be further reduced through our reinsurance program.

Risk reduction

FM reduces loss potential through a collaborative effort with our clients to improve resilience at their facilities. Based on the location assessments, our engineers use our property loss prevention guidelines—incorporating nearly 200 years of experience, research and engineering results, as well as input from consensus standards committees, equipment manufacturers and others—to make detailed recommendations for clients to reinforce their facilities against loss and to reduce their exposure accordingly.

For climate-related physical risks, these loss prevention recommendations are supplemented by our climate resilience products such as the Climate Risk Report and Climate Change Impact Report.

Our engineering capability often results in reduced losses in comparison to predicted losses in catastrophe models—clients that reinforced their properties in Puerto Rico to the 500-year wind speed level, in line with FM recommendations, experienced significantly lower losses in Hurricane Maria than similar buildings in the region. This was not unique—analyses undertaken after Hurricanes Harvey, Maria and Katrina show that losses for clients that acted on our recommendations cost between four and six times less than those that did not.



“Resilient organizations form the foundation of resilient communities. Through collaboration driven by FM’s hazard knowledge and our clients’ business insights, we create robust solutions that protect not just facilities, but the communities they serve.”

Jessica Waters

Manager hazards

Climate and structural resilience



Risk management

Climate-related risk and resilience in our operations

FM's property portfolio comprises our US owned and globally leased locations. We self-insure our properties, using the same approach, models and tools to assess our exposures that we use to support our clients. Locations are visited by FM consultant engineers to conduct risk assessments, and we implement the resulting solutions and initiatives to ensure the resilience and sustainability of our operations.

Exposed locations

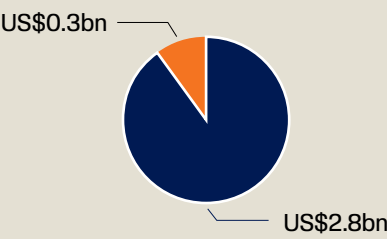
Our current property exposures span our US owned and globally leased locations. We use our Climate Risk Report to better understand inherent and actionable physical climate-related risk across these locations. Considering FM's global property portfolio, wind is the most significant peril, followed by flood. Together these two perils present almost all of our current climate-related physical risk.

For our owned locations, FM's policy is to address all climate-related risk recommendations made by our consultant engineers. There are a small number of exceptions to this policy for locations that are undergoing renovations or being disposed of. For leased locations, we work with landlords to encourage the implementation of solutions to adapt to and mitigate climate-related risks.

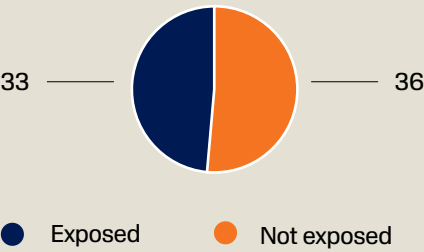
Some of FM's most strategic locations are in the New England region of the USA, including the FM Research Campus and our corporate offices. Significant efforts have been made to ensure our operations remain resilient to tropical storm exposure—efforts that were validated by the Climate Risk Report, which identified the Research Campus and corporate offices as being amongst the locations with the highest inherent climate risk. These locations are critical to our business and by implementing the mitigating recommendations made by our consultant engineers, we are confident these locations will remain resilient.

Exposure to climate risk

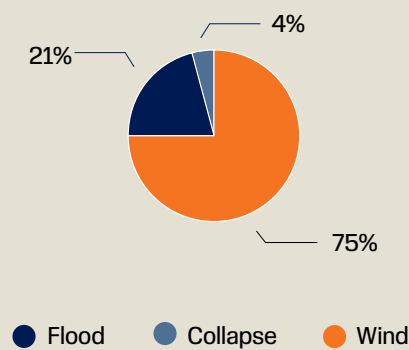
TOTAL INSURED VALUE



NUMBER OF LOCATIONS



Total climate risk by peril



FM office locations



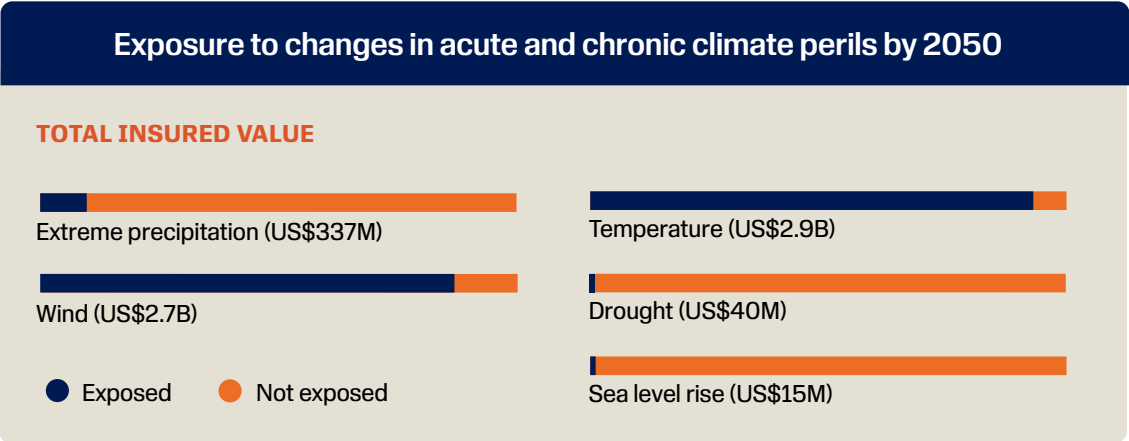
Anticipating climate change

We use our Climate Change Impact Report to help determine whether the adaptation and mitigation solutions in place today will withstand future impacts of climate change.

Most of FM’s property portfolio is exposed to either change in extreme precipitation, change in wind speed, or both, in the short term (by 2030) and long term (by 2050). While the Climate Risk Report identified some of FM’s strategic New England

locations as being subject to high inherent climate-related risk, the Climate Change Impact Report shows that these locations are not among those facing the most significant future changes.

For buildings at new locations, FM utilizes our engineering resources to ensure inherent risk is minimized where possible—such as avoiding known flood zones. The report predictions are incorporated into the planning for expansion of new facilities. This ensures our facilities will remain fit for purpose in future years.



Risk management

Integrating climate-related risk

The management of risk is consistent across FM. The inventory of risks developed at group level by the BREC is shared with local RMCs and adopted by all operations teams who can supplement the inventory with local information, as necessary. The BREC manages the key risk listing, identifies new and emerging risks, monitors compliance and oversees development of solutions at the enterprise level.

Climate-related risks are identified, assessed and addressed within this framework as part of FM's management of sustainability risks. Recognizing that sustainability is a multi-faceted risk comprising many

underlying factors that are inherent in the existing risk inventory, a hybrid approach has been adopted. A risk statement leverages the broad perspectives and experience of the sustainability subcommittee and sustainability team to provide a comprehensive view of sustainability risk factors. This risk statement informs the risk function through the BREC, enabling risk owners to incorporate relevant factors and manage them in accordance with existing risk management procedures.

FM's 'three lines of defense' risk management model ensures appropriate levels of oversight of and engagement with this process.



Risk Management Framework (RMF)



FM roles & responsibilities

FM board

Ultimately responsible for the Group RMF and oversight of its operation by management

Board committees

- Audit Committee
- Compensation and Organizational Development Committee
- Executive Committee
- Finance Committee

Management committees

- Business Risk Executive Committee (BREC)
- Business Risk Team (BRT)
- Corporate Risk Owners

Review functions

- External Audit
- Internal Audit
- Staff Audits
- Compliance Function

Regional roles & responsibilities

Division managers

Responsible for implementing the regional RMFs within the business operations

Risk management committee

Responsible for assisting the BREC, BRT and management in discharging their responsibilities within the RMFs

Regional risk owners

Responsible for assigned risks in the regional Risk Registers

All staff

Aware of their role in the effective operation of the regional RMFs

Risk management process

Establish risk context

Identify risk

Analyze risk

Evaluate risk

Avoid, accept, transfer or reduce risk

Monitor & review



Risk categories

Exposure

Investment

Reputation & Regulatory

Operational

Metrics and targets

Our 2024 GHG emissions

FM's GHG inventory captures the direct and indirect emissions across our operations, energy procurement and value chain, in alignment with the guidance and methodologies of the Greenhouse Gas Protocol (GHGP), and provides us with an understanding of FM's enterprise-wide carbon footprint.

2024 is the second year of FM's partnership with Agendi Inc. (Agendi) to develop a comprehensive inventory. The 2022 emissions data differ from those of 2023 and 2024 due to process improvements and broader data collection. In 2022, we reported emissions relating to FM's real estate investment property portfolio, managed by FM Group company Hobbs Brook Real Estate (HBRE), under scopes 1 and 2. Under the operational control approach of the GHGP, these should be classified as scope 3 (Downstream leased assets). Additionally, in 2022 we reported only Business travel under scope 3, while the 2023 and 2024 inventories include more categories, contributing to the observed increase.

As part of FM's continuous efforts to improve data quality and reporting accuracy, we have restated our 2023 GHG emissions. During the 2024 GHG inventory review process, we identified that scope 3 categories 1, 2 and 4 previously excluded some emissions from HBRE. Also, some air miles were not recorded in category 6. The 2023 inventory has been restated to include these emissions. In addition, we have made minor adjustments to scopes 1 and 2 emissions due to improved data accuracy related to energy consumption at two operational sites. These restatements enhance the completeness and reliability of FM's emissions reporting and support better informed decision-making going forward.

The purchase and retirement of a diverse portfolio of carbon offset technologies and renewable energy instruments to balance FM's 2024 GHG emissions has been approved.

Scope 1

Scope 1 emissions are direct GHG emissions that occur from sources that we control or own. These sources include onsite stationary fuel combustion, our vehicle fleet and fugitive emissions. In 2024, our scope 1 emissions increased compared to the previous year, primarily due to a rise in on-site activity across our locations. At the same time, we continued efforts to reduce emissions where possible, including expanding our low-carbon vehicle fleet. The proportion of hybrid, plug-in hybrid and electric vehicles in our fleet increased from 17% in 2023 to 21% in 2024. Additionally, we are exploring the use of sustainable fuel alternatives at sites with the highest fuel consumption as part of our ongoing efforts to identify opportunities for emissions reduction.

Scope 2

Scope 2 emissions are indirect GHG emissions associated with our purchase of electricity, steam and chilled water. They have been calculated using both location- and market-based methods. The location-based method reflects the average emissions intensity of the grid on which energy consumption occurs, while the market-based method reflects both emissions from electricity that FM has purposefully chosen and from the residual mix after accounting for purchases of renewable energy, in accordance with GHGP guidance. The purchase of Energy Attribute Certificates to balance FM's 2024 electricity-related emissions has been approved, as part of a broader strategy currently under development to decrease scope 2 emissions, including planned investments in onsite renewable energy generation at some locations and promoting energy efficiency across our operations. While these efforts are at an early stage, they reflect FM's intent to better understand and reduce our environmental footprint over time.

Scope 3

We conducted a scope 3 materiality assessment in 2023 to identify and understand the categories that substantially contribute to FM's value chain environmental impact. This assessment identified nine of the 15 scope 3 categories to be potentially material to FM. For the 2023 and 2024 inventories, we are tracking and reporting on eight of these.

- 1 – Purchased goods and services
 - 2 – Capital goods
 - 3 – Fuel- and energy-related activities
 - 4 – Upstream transport and distribution
 - 5 – Waste generated in operations
 - 6 – Business travel
 - 7 – Employee commuting
 - 13 – Downstream leased assets
- Category 15 – Investments is currently excluded from our scope 3 emissions.

Overall, scope 3 emissions increased by 29,932 metric tons of CO₂e from 2023 to 2024. Four of the eight categories account for 92% of 2024 scope 3 emissions and almost all of this increase. Purchased goods and services emissions increased by 11%, primarily due to an increase in operational expenditure during 2024. Business travel emissions increased by 8% and Downstream leased assets emissions decreased by 3%, largely due to decreased fuel consumption and less refrigerant leakage at leased facilities.

The largest category increase, accounting for 78% of the overall scope 3 increase, was Capital goods emissions. These increased by 160%, primarily driven by the construction of the new research and client center at the FM Science and Technology Center, Americas. As set out on page 8 of this report, investment in our world-class facilities dedicated to advancing scientific research and risk mitigation practices is a fundamental part of FM's climate strategy and we anticipate that going forward, Capital goods emissions will remain elevated due to this project as well as construction of the new FM Science and Technology Centre, Europe.

GHG emissions (metric tons of CO ₂ e)	January 1 to December 31		
	2024	2023	2022
Scope 1	11,306	10,142	11,036
Scope 2 (location-based)	11,315	11,934	21,143
Scope 2 (market-based)	11,528	11,940	—
Scope 3	171,263	141,331	9,247
Total (Scope 2 location-based)	193,884	163,407	41,426
Total (Scope 2 market-based)	194,097	163,413	—

Metrics and targets

Notes

FM's GHG emissions reporting is guided by the GHGP. Other protocols, standards and methodologies have been used to supplement calculations.

The 2024 GHG emissions inventory covers 72 FM facilities and 27 HBRE facilities. 2023 emissions covered 63 FM facilities and 28 HBRE facilities. 2022 emissions were based on data collected from 77 of 79 locations.

Estimations about energy use and emissions have been made, based on regional average energy use per operational square feet. Estimations were made for 13% of facility energy-related emissions in 2024, 8% in 2023 and 31% in 2022.

2024 and 2023 scope 3 reporting covers the following categories: 1 - Purchased goods and services, 2 - Capital goods, 3 - Fuel- and energy-related activities, 4 - Upstream transport and distribution, 5 - Waste generated in operations, 6 - Business travel, 7 - Employee commuting and 13 - Downstream leased assets. 2022 scope 3 emissions reporting was based only on estimates of business travel including air travel, rental cars and employee mileage reimbursement.

2024 fleet vehicle data include employees in Argentina, Austria, Belgium, Brazil, Canada, Chile, Columbia, Czech Republic, France, Germany, Hungary, Italy, Ireland, Luxembourg, Mexico, Netherlands, Poland, Romania, Slovakia, Spain, Sweden, Switzerland, United Kingdom and United States. 2023 data included these countries except Ireland, and also included Türkiye. 2022 data included the 2023 countries plus Australia, China, India, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore and Thailand.







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