2025 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, 2025. It reflects how FM incorporates and manages the effect of climate-related impacts, risks and opportunities on our business.

Table of contents

Message from our CEO

In an increasingly volatile world, resilience has never been more needed.

As a world-leading commercial property insurer and mutual company, FM's history is built on helping clients strengthen their resilience over the long term—some of them for more than a century. Grounded in nearly 200 years of research, science and data, we bring a uniquely practical, evidence-based approach to the risks our clients face today and those they will confront tomorrow.

Our purpose—we protect today for a better tomorrow—drives us in partnering with our clients to navigate the uncertainty of our changing world, including the impacts of climate risk. From staying ahead of these risks through research and unique insights, to providing planning tools and policyholder credits, FM enables clients to adapt to evolving hazards with confidence, helping to mitigate loss. The end result is a more resilient future for businesses, communities and economies, powered by partnership through our mutual business model.

Our growing global research footprint now includes two new science and technology facilities. We broke ground on the state-of-the-art FM Science and Technology Centre, Europe, in Luxembourg in 2025 and will open our flagship center for the Americas, in Norwood, Massachusetts, USA in summer 2026. We are pursuing WELL certification for both facilities, as well as LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Method) certification for Norwood and Luxembourg respectively—underscoring our commitment to supporting employee health and well-being, and driving strong environmental performance.

Together with our FM Research Campus in Rhode Island, USA, and the FM Science and Technology Centre, Asia-Pacific in Singapore, these investments will accelerate solutions in priority areas like climate risk on a global scale. As we bring our philosophy of loss prevention to new markets, we continue to share our knowledge and support clients to strengthen capabilities both locally and around the globe. Future plans include a client experience center in Bengaluru, India, while we continue to deepen collaboration with leading research institutions worldwide.

We also continue to align policyholder credits with risk improvement. In 2025, we announced an enhanced resilience credit for our eligible mutual clients, which includes an operational resilience component and doubles the credit size from 5% to 10% of eligible in-force premium. The allocation of approximately US$825 million highlights the strong partnerships FM forges with clients and their shared commitment to resilience and loss prevention.

As we continue to expand our circle of resilience, we see strong alignment between our work at FM and the strategic goals of businesses and governments around the globe. Building a secure and prosperous future for economies, communities and citizens is a shared and critical priority. Through FM's enduring commitment to engineering and research-led resilience, we will continue helping our clients to protect what matters most—today and for the long term.

Malcolm C. Roberts
Chairman and chief executive officer

Governance

FM is a mutual insurance company owned by its clients and operates within a corporate governance model that reflects our mutuality. At the center are our board of directors (board), eight advisory boards and five risk management executive councils. Together with our executive management, these bodies play a critical role in FM's strategy, direction and governance.

Board oversight

FM's governance model places particular emphasis on safeguarding long-term resilience in accordance with our purpose—protect today for a better tomorrow. The board retains ultimate responsibility for overseeing climate-related matters, including the risks that extreme weather and long-term climate trends pose to our underwriting exposures, operations and strategic direction.

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, enabling board-level oversight to remain aligned with FM's strategy, risk tolerance and long-term climate posture.

Executive management leadership

Climate-related matters are operationally led by FM's executive management, including leaders in sustainability, research, science and technology, engineering, underwriting, investments and operations. FM's chief sustainability officer plays a central coordinating role, guiding the integration of climate-related considerations across functions and ensuring alignment between scientific insight, regulatory requirements and FM's operating model.

Throughout FY2025, executive leadership remained deeply engaged in:

- Investing in client resilience through the ongoing resilience credit program.
- Advancing FM's renewable energy engineering and insurance capabilities.
- Overseeing the evolution of FM's climate resilience products.
- Providing global resilience benchmarking through the FM Resilience Index.
- Integrating engineering loss prevention with climate science and AI-based analytics.
- Ensuring FM's scientific research continues to inform business strategy.
- Strengthening data quality and governance for future sustainability disclosures.

Climate-related expertise across FM

FM's sustainability steering group comprises experts from across the business, who guide implementation of FM's long-term sustainability strategy. Extensive in-house scientific, engineering and regulatory expertise is available to support the chief sustainability officer and steering group. Teams from research, engineering, natural hazards, structures, renewable energy, risk management and sustainability play a vital role in ensuring climate-related risk is assessed with technical depth and anchored in empirical evidence and industry-leading engineering principles. This multidisciplinary capability strengthens FM's governance foundation.

Strategy

For 190 years, FM has been a pioneer in the innovation and engineering of resilience with the aim of protecting today for a better tomorrow. As a mutual insurance group, our capital, scientific research capability and engineering expertise are dedicated to property risk management and the resilience of our policyholder-owners.

Climate-related impacts, risks and opportunities

Climate change continues to shape the risk landscape in which FM and our clients operate, reinforcing the need for a disciplined, forward-looking approach to risk management. Evolving climate conditions are contributing to both acute events and longer-term physical trends that can drive property damage, business interruption and supply chain disruption—particularly for clients with complex, high-value assets. As these dynamics unfold, they can influence loss experience, risk accumulation and the variability of underwriting outcomes. FM's own operations and property portfolio are also exposed to these physical risks, underscoring the importance of resilience-focused planning and investment across the group.

Concurrently, the global shift towards a lower-carbon economy gives rise to transition risks that may emerge over the medium to long term. Developments in technology, regulation, litigation and market expectations have the potential to alter the risk characteristics and valuation of insured assets, as well as the operating environment for both FM and our clients. The adoption of new or evolving technologies, changes in energy systems and input costs and expanding environmental and carbon-related requirements introduce risk considerations that demand rigorous assessment, informed engineering judgment and close engagement with clients.

Climate-related factors are also embedded in our investment activities, where physical and transition risks can influence asset performance, valuations and credit quality over time. These exposures form part of the broader financial risk landscape managed across the portfolio and are evaluated alongside FM's long-term objectives, capital strength and fiduciary responsibilities.

Resilience is for everyone

Key to FM's strategy to address climate-related impacts, risks and opportunities is supporting clients in the identification, assessment and management of their climate-related exposures. We believe clients that are prepared to face climate risks are likely to suffer fewer losses and better manage those that do occur.

Two of the four pillars of FM's sustainability vision relate directly to this ethos—countering climate change and accelerating the renewables ecosystem.

To counter climate change, we help clients reduce climate-related risk and its impact on their businesses and communities, support them as they transition towards cleaner energy sources and manage the environmental impact of our own operational footprint.

To accelerate the renewables ecosystem, we provide innovative, market-leading insurance products and services while leveraging FM's engineering and research to reduce risk and losses associated with renewable technologies.

The following pages outline how FM delivers this strategy in practice—through our research capabilities, climate resilience solutions, standards for climate resilient products and our role in enabling a durable energy transition.

> “Extreme weather cannot be understood by extrapolating from the past alone—the underlying conditions are changing. Climate research helps us connect observations, global climate science and real-world engineering insight to anticipate how risk may evolve and how to best mitigate its changing impact.”

Dr. Angelika Werner
Research Area Director
Natural Hazards & Climate Research Team

At FM, scientific research is the cornerstone to understanding risk and advancing solutions for resilience and sustainability. FM’s business model is built on preventing loss before it occurs—applying solutions grounded in science and engineering to reduce the physical risks that drive environmental and property damage, business interruption and economic loss. More than 150 scientists and engineers are dedicated to evaluating natural hazard, fire, cyber and equipment failure risks, developing innovative methods to predict losses and delivering technically sound and cost-effective loss prevention solutions to clients.

Climate risk research

Climate risk is not static. The hazards from extreme weather events are constantly modulated by a changing climate, presenting a significant challenge for companies focused on climate-related risk adaptation. In collaboration with climate research institutions worldwide, FM uses a physics-based computational modeling and data analytics approach to understand the impacts of a changing climate—on established hazards such as flood and severe convective storms, but also on emerging risks such as wildfire, heat, water stress and freeze events.

Combining knowledge from the past with an understanding of trends, models are developed to better reflect current climate risk and create a proxy of how climate risk could evolve in the near to medium-term future. This approach links the latest science-based data, global climate model projections and detailed location specifics from FM engineering site visits to assess exposures to property damage and business interruption.

Hybrid methods deploying artificial intelligence-, machine learning- and physics-based models allow us to assess future climate risks with higher confidence. Key scientific insights on factors such as rainfall, wind speed, hail and terrain provide a comprehensive view of physical climate risks and prioritized opportunities to improve climate resilience. The potential impacts of acute and chronic climate perils are assessed across multiple climate scenarios and time horizons, and aligned with Intergovernmental Panel on Climate Change pathways.

The evolving impact of the changing climate on natural hazards is complex and requires continuous monitoring and adaptation. FM’s approach leverages the latest advancements in modeling and analytics to enable continuous evolution and improvement.

Strategy

Global network of resilience

Research is carried out across FM. Core components of this knowledge network are the FM Research Campus in West Glocester, Rhode Island and the FM Science and Technology Centers in Norwood and Singapore. Together, these facilities house state-of-the-art laboratories, large-scale testing environments, interactive simulation facilities and learning spaces that enable a wide range of climate-related risk management activities, such as:

- Studying natural hazards, their trends and evolution in a changing climate.
- Researching how unprepared organizations are affected by climate-related risks.
- Developing physical climate risk adaptation solutions.
- Testing to inform FM data sheets and FM Approvals certification.
- Demonstrating loss prevention solutions to clients and visitors.

This global network of resilience is being expanded by FM's investment in two new, state-of-the-art facilities—a new research and client center at the FM Science and Technology Center, Americas and the FM Science and Technology Centre, Europe, in Luxembourg.

Complementing these, FM is also expanding its global science and innovation footprint through the establishment of a center of excellence in Bengaluru, India. Strategically located within one of the world's leading engineering and technology ecosystems, the Bengaluru center is designed to strengthen FM's science-based and artificial intelligence capabilities, enhance client risk engineering services and support regional growth. It will include a client experience facility, enabling clients, prospects, colleagues and partners to engage directly with FM's research-driven approach to risk mitigation, resilience and loss prevention.

Together, these facilities serve as collaborative environments where research is translated into practical applications. Regionally specialized experts enrich our global lens with region-specific insights, address relevant data aspects and tailor solutions to different market environments. Interactive demonstrations, simulations and experiential learning enable clients and partners to directly engage with FM's science-based approach to climate resilience. When the expansion is complete, our ability to advance scientific research and share risk mitigation practices with clients and stakeholders across the Americas, Europe and Asia-Pacific will be significantly enhanced.

Partnerships and collaboration

Partnerships play a critical role in extending the impact and credibility of FM's research. We actively engage with public, private and academic organizations worldwide, participating in scientific workshops, contributing expertise to advisory boards and collaborating on research that advances understanding of climate-related hazards and resilience solutions. Our research division enters strategic partnerships with reputable research institutions and academic organizations across the globe, including:

- Princeton University, Civil & Environmental Engineering
- Luxembourg Institute of Science & Technology, Digital Twin Innovation Centre
- National University of Singapore, Tropical Marine Science Institute

These collaborations enable FM to exchange knowledge, validate research outcomes and contribute to the broader scientific and risk management community. They help strengthen climate risk and resilience research, inform standards and design guidelines and accelerate the development of practical solutions that support resilient infrastructure and sustainable growth globally.

Driving sustainable value

Across our research campus, science and technology centers, analytical platforms and global partnerships, FM demonstrates that research is a powerful enabler of sustainability. By preventing losses, strengthening climate resilience and reducing the environmental and economic costs of natural disasters, FM's research helps organizations protect assets, support communities and adapt to a changing climate. Through the practical application of science, data and collaboration, FM reinforces resilience as a foundational element of long-term sustainable value creation.

Climate resilience solutions

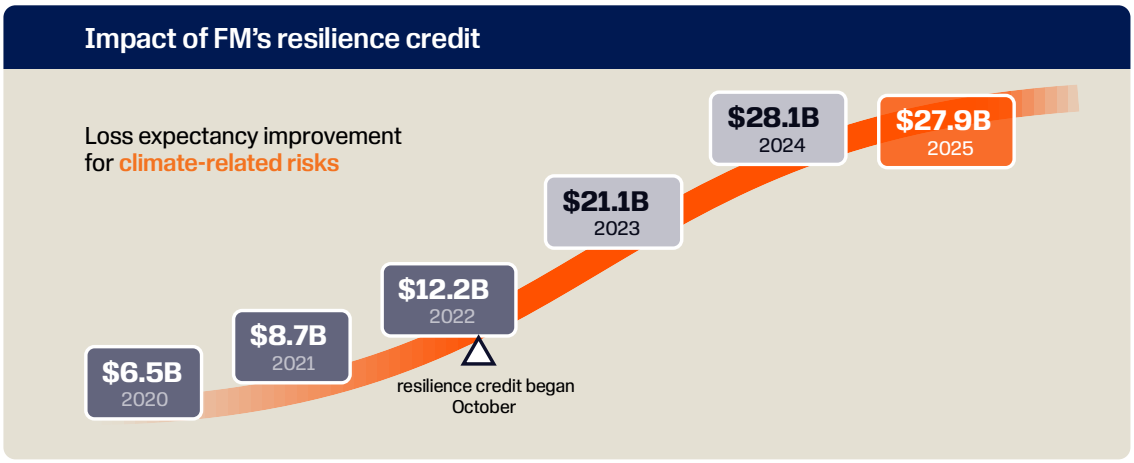
FM's climate resilience solutions are designed to turn uncertainty into action—linking engineering insight, advanced climate science and reporting data so clients can protect operations today and prepare strategically for tomorrow.

At the heart is the FM Climate Resilience Tracker—an interactive, AI-powered dashboard available through the FM Portal. This tool translates billions of proprietary data points from decades of field engineering, scientific research and historical loss experience into location-specific insights. The Tracker scales down global climate models to the facility level, evaluating over 700 observed engineering variables to scope current and future climate-related risk exposures.

Clients can use the Tracker's outputs to develop capital expenditure plans, enhance business continuity strategies and generate required disclosures aligned with recognized climate scenarios. As FM engineers conduct site visits, updates flow through the FM Portal, integrating live observations with evolving climate science, ensuring the Tracker remains relevant for both site-level and portfolio-wide decision-making.

The Tracker is part of FM's broader climate resilience solutions suite. To identify the sources of strength and vulnerability in a country's resilience, executives can draw on the publicly available FM Resilience Index, which provides a macro lens to complement site-specific insights from FM's engineering-led tools. The Index illuminates how a widening spectrum of risks can shape long-term operational and investment decisions across geographies, evaluating 130 countries and territories using 18 macroeconomic, geopolitical and physical risk resilience factors.

Strategy



Climate-related risk is a central feature of the FM Resilience Index—climate risk exposure and climate change exposure are assessed using FM's natural hazard maps and data collected during engineering site visits. To capture not just exposure but preparedness, the Index also measures climate risk quality, based on a country's climate-related building code quality and enforcement and the level of risk improvement achieved.

By integrating the macro perspective of the FM Resilience Index with the granular analytics of the Climate Resilience Tracker and FM engineering recommendations, clients gain a connected view of resilience—from where to locate and source, to how and where to invest to protect continuity in a changing climate.

FM also backs analysis with financial momentum through the resilience credit—a first-of-its-kind premium offset that helps eligible clients fund organizational resilience, including climate risk management. Since 2022, credits totaling more than US$1.8 billion have been allocated. Clients have used credits to accelerate risk improvement and it is estimated that the program has driven tens of billions of dollars in avoided economic impact.

FM's suite of climate resilience solutions empowers our clients to anticipate and adapt to environmental volatility, transform climate-related risk into strategic advantage and demonstrate credible climate risk management to stakeholders.

FM Approvals

FM Approvals translates climate risk insights into durable, physical risk reduction. Through rigorous testing and certification, FM Approvals enables organizations to select and deploy loss prevention products that are verified to perform under the increasingly severe natural hazard conditions associated with climate change.

Product performance is evaluated under conditions consistent with climate-related risks such as windstorm, flood and wildfire, supporting informed decisions that strengthen assets before losses occur.

FM Approvals' certification process is grounded in FM's engineering expertise, scientific research and extensive loss data, which increasingly reflect observed and emerging climate trends rather than historical conditions alone. By converting climate science and loss experience into practical engineering requirements, FM Approvals helps clients avoid under-designed assets and improve the resilience of new construction, retrofits and critical systems. Independent verification that products perform as intended when properly installed and maintained reduces uncertainty and supports consistent resilience outcomes across portfolios.

Climate-related risk adaptation products that meet FM Approvals' rigorous loss prevention standards are documented in the Approval Guide and RoofNav.

These resources include certified solutions such as flood barriers, flood sensors, roof- and ground-mounted rigid photovoltaic module systems, high strength roof assemblies, low pressure water mist systems that reduce sprinkler water usage and hydrocarbon and water leak detectors. Together, these products and more support mitigation of climate-driven hazards across a wide range of asset types, geographies and operating environments.

The global recognition of the FM Approved mark enables organizations to apply consistent resilience standards across diverse locations, reinforcing site level risk improvement and portfolio wide resilience strategies. In combination with FM's climate analytics, engineering guidance and resilience investment programs, FM Approvals helps clients bridge the gap between climate risk identification and physical risk reduction—strengthening business continuity, protecting long-term asset value and supporting ongoing insurability in a changing climate.

FM Renewable Energy

As the global economy transitions to low carbon energy, renewable power assets are becoming increasingly central to long-term economic resilience, energy security and climate strategy. At the same time, rapid deployment of new technologies, evolving standards and intensifying physical hazards are introducing complex and material risks. FM Renewable Energy was established to help clients manage these risks and support an energy transition that is not only cleaner, but also resilient and durable.

FM Renewable Energy is a dedicated business unit within FM, focused on protecting and strengthening utility scale renewable energy assets through a combination of insurance, engineering and research. Supporting the development, construction and operation of ground-mounted solar, onshore wind and battery energy storage systems, the unit provides tailored property insurance solutions designed to address the specific risk profiles of renewable energy projects, including protection against property damage, machinery breakdown, delay in start-up and business interruption.

These solutions are underpinned by FM's long-standing emphasis on loss prevention. By prioritizing risk identification, mitigation and system reliability, FM Renewable Energy helps clients reduce the likelihood and severity of losses, protect capital investment and sustain asset performance over the long term.

Central to this approach is FM's engineering and scientific capability. Clients benefit from access to dedicated renewable energy loss prevention engineers, in-house research scientists and engineering standards informed by FM's laboratories and product testing. This research-driven model enables a deeper understanding of emerging risks and supports better design, construction and operational decisions over the asset life cycle. By combining technical rigor with stable, market competitive insurance capacity and long-term perspective, FM Renewable Energy supports the flow of capital needed to scale renewable energy deployment.

Beyond individual projects, FM Renewable Energy contributes to broader sustainability outcomes by advancing resilience across the renewable energy sector. Loss prevention research insights and guidance help strengthen system reliability, supporting consistent power generation even as climate-related hazards intensify. Industry engagement and publications share knowledge that raises standards and reduces systemic risk as renewable technologies continue to evolve.

FM Renewable Energy builds on FM's power generation legacy by aligning engineering expertise, financial strength and insurance know-how to help ensure our clients' renewable energy assets deliver enduring value, supporting a global energy transition that is resilient, investable and sustainable over time.

Strategy

Reducing our footprint

FM's new 320,000-square-foot (29,729-square-meter) Science and Technology Center, Americas represents a significant investment in energy efficiency, climate resilience and low-carbon operations. Designed as an all-electric facility and expected to open in mid-2026, the building will serve as a global center for research and innovation while supporting FM's commitment to reducing our environmental footprint.

A core feature of the facility is its geothermal energy system, which will provide supplemental heating and cooling to reduce overall energy demand and associated emissions. The system consists of 221 geothermal wells, each extending 605 feet (184 meters) below ground and interconnected by 51 miles (82 kilometers) of underground piping. By leveraging stable subsurface temperatures, energy efficiency is improved and reliance on conventional heating and cooling technologies reduced, supporting lower operational emissions over the building's life cycle.

The geothermal installation is one of several design strategies aimed at minimizing climate-related impacts. The Science and Technology Center incorporates high-performance building systems, floodplain elevation to enhance resilience to extreme weather events and native landscaping to support local ecosystems and reduce water use. Together, these measures strengthen the facility's ability to operate reliably under changing climate conditions while lowering long-term environmental impact.

Developed by FM's Hobbs Brook Real Estate team, the Norwood campus transformation reflects an integrated approach to climate risk management, addressing both mitigation and adaptation.

Other measures to lower energy consumption and associated greenhouse gas emissions across FM's owned and operated properties include:

- On-site renewable energy generation and efficiency improvements, such as solar arrays and LED lighting installations at our corporate headquarters in Johnston, Rhode Island, USA and the FM Research Campus.
- A low-emissions mobility strategy supported by a company fleet program that offers electric and hybrid vehicle options, alongside reimbursement for electric vehicle charging to encourage adoption.
- Solar energy deployment across six properties within FM's real estate investment portfolio, extending renewable energy use beyond corporate operations.

By investing in clean energy infrastructure and resilient design, FM is reducing exposure to transition and physical climate risks while advancing operational efficiency and sustainability. In parallel, we remain committed to balancing FM's annual greenhouse gas (GHG) emissions across scope 1, scope 2 and material scope 3 categories, as detailed in the Metrics and Targets section of this report. In 2024, we implemented a governance standard to establish and oversee a process to acquire and retire a diverse portfolio of carbon offset technologies and renewable energy instruments.

In 2025 FM diligently procured such offsets and instruments—prioritizing those offered by clients where feasible—to complete our inaugural acquisition and retirement, successfully balancing our 2024 emissions. This marked a significant milestone in FM's ongoing sustainability efforts, complementing our direct emissions-reduction initiatives and reinforcing our long-term sustainability objectives.

Risk management

The management of climate-related risks is integrated across FM and applied consistently throughout. A group risk inventory is developed and maintained by the BREC and shared with the regional RMCs. This inventory is adopted globally by the operations teams and may be supplemented with local insights where appropriate. The BREC oversees the identification of new and emerging risks, monitors adherence to risk management practices and supports the development of group-level responses and solutions.

Climate-related risks are identified, assessed and managed within FM's risk management framework, as part of the broader group of sustainability-related risks. Recognizing sustainability as a multifaceted risk domain with many underlying factors already reflected in the group risk inventory, we have adopted a hybrid approach. A sustainability risk statement—drawing on the expertise of the sustainability steering group and sustainability team—provides a comprehensive view of relevant sustainability and climate-related risk factors. This statement informs the risk management function through the BREC, enabling designated risk owners to incorporate climate considerations into existing assessments and to manage them in line with established procedures.

FM's three lines of defense model provides appropriate oversight and engagement across this process. Through this structure, we monitor climate-related risks alongside other enterprise risks, with clear accountability, governance and escalation mechanisms in place to support timely, well-informed decisions and effective management of climate-related exposures over time.

Financial planning

As a regulated commercial property insurance company, FM complies with applicable regulatory and solvency requirements globally. Accordingly, we 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 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

Risk management

Insurance

FM's business model is built on a simple but powerful belief: the majority of property loss is preventable. By embedding loss-prevention engineering and advanced data analytics into every underwriting decision, FM helps clients reduce risk, strengthen resilience and protect long-term value—while delivering stable performance across our portfolio.

We assess risk where it exists—at the location level. Specially trained FM engineers conduct on-site evaluations of client facilities to assess property hazards, construction characteristics, operational practices and loss exposures. These assessments encompass both traditional property risks and climate-related physical perils, such as flood, wind, wildfire, hail, freeze and structural collapse. In 2025, more than 1,000 FM engineers conducted almost 43,000 in-person risk service visits, generating millions of proprietary data points.

These on-the-ground evaluations provide risk insights that extend well beyond historical loss experience and actuarial analysis. Our engineers combine detailed, location-specific observations with FM's property loss prevention guidelines—developed through nearly 200 years of engineering experience, scientific research and loss analysis, and informed by collaboration with consensus standards bodies, equipment manufacturers and industry experts. Their resulting recommendations are designed to reinforce client facilities against loss and reduce exposure through practical, engineered improvements.

For climate-related physical risks, the recommendations are further enhanced by FM's climate resilience solutions. Introduced earlier in this report, the Climate Resilience Tracker builds on the current view of climate risk by incorporating future perspectives, translating climate science into actionable, facility-level insights. It enables clients to understand how current and future climate hazards may affect individual locations and to monitor improvements over time.

Complementing this capability, the resilience credit provides financial support to accelerate the implementation of climate-related loss prevention measures, such as flood protection, roof upgrades and wildfire mitigation.

FM's engineering intelligence forms the foundation of our underwriting discipline. It enables us to understand not only what losses could occur, but what actions can be taken to prevent them. High-quality, location-specific data supports a granular view of property damage risk—including climate-related physical risk—at location and portfolio levels. To assess potential aggregation, FM evaluates scenarios using location-based information in combination with scientific models, drawing on proprietary methodologies developed by our research scientists and selected commercial models. Compared with reliance on models alone, this integrated approach significantly enhances exposure understanding and supports the efficient deployment of insurance and reinsurance capacity with appropriate terms and conditions. Sustainable growth of FM's portfolio is generated by applying the same engineering-led process to new business.

This disciplined underwriting framework helps ensure decisions are grounded in engineering judgment, scientific analysis and real-world performance. FM can deploy capacity thoughtfully, manage exposure concentrations and limit volatility, protecting the long-term financial strength of the mutual while supporting enduring value for our clients.

Risk management

Investments

FM continually evaluates 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 clients. Potential risk exposures can be driven by numerous factors, including geographic and sector exposures, firm-specific competitive positioning, valuation and earnings, regulatory environment, market sentiment and macroeconomic dynamics.

Climate-related risks are also recognized as part of the broader set of investment risks embedded within financial assets. FM takes 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 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 portion of our investment assets.

FM selectively invests in strategies related to lower-carbon operations and technologies, and believes 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 over the long run, with the development of innovative technologies and solutions addressing the climate challenge across a wide range of asset types.

Overall, FM sees the recognition 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 clients.

Climate-related risk and resilience in our operations

FM's operational property portfolio comprises a combination of US-owned facilities and globally leased locations. We self-insure these properties and apply the same engineering-led approach, analytical tools and risk models that underpin our support to clients. Each location is assessed through on-site visits by FM consultant engineers, who evaluate physical hazards and operational resilience and recommend practical, science-based risk-reduction solutions. These recommendations inform ongoing investment and improvement programs designed to strengthen the resilience and sustainability of our operations.

Exposed locations

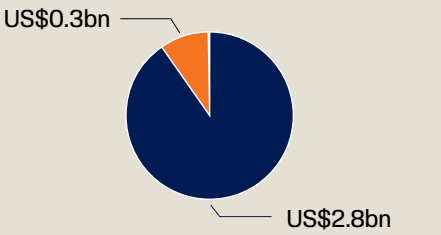
Across FM's owned and leased locations, physical climate-related risks are assessed using the FM Climate Resilience Tracker, which provides a consistent view of both inherent risk and actionable risk improvement opportunities. Portfolio-wide analysis indicates that wind-related perils represent the most significant source of climate-related exposure, followed by flood. Together, these hazards account for the majority of our current physical climate risk.

For owned properties, FM's policy is to address all climate-related risk recommendations identified through our engineering assessments. A limited number of exceptions may apply where locations are undergoing major renovation or are designated for disposal, in which case risk management actions are assessed in the context of the property's life cycle.

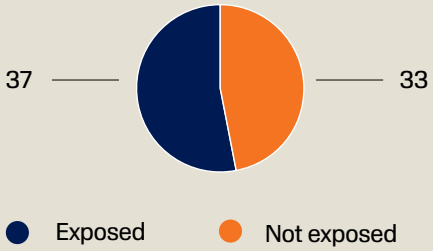
For leased locations, FM engages collaboratively with landlords to encourage the implementation of risk reduction measures that enhance resilience to climate-related hazards. This approach reflects both our influence as a tenant and our commitment to applying consistent resilience standards across the portfolio.

Exposure to climate risk

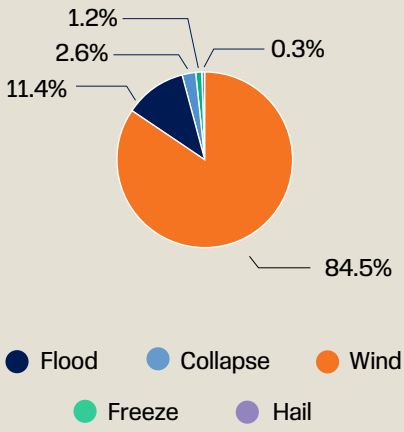
TOTAL INSURED VALUE



NUMBER OF LOCATIONS



Total climate risk by peril



Risk management

"Climate change reinforces the need for a disciplined, forward-looking approach to property risk. FM assesses climate-related hazards across our portfolio by combining site-level engineering judgment with data-driven climate analysis to prioritize investment and strengthen resilience where it matters most"

Jennifer Reno
Risk Manager

Several of FM's most strategically important locations are concentrated in the New England region of the U.S., including the FM Research Campus and corporate offices. These sites are exposed to tropical storm-related hazards and were identified by the Climate Resilience Tracker as being among the locations with the highest climate risk within our portfolio. Targeted investments and engineering improvements have been implemented to address these exposures. By acting on the recommendations developed through our engineering assessments, we are confident these critical facilities will remain resilient and fit for purpose under current climate conditions.

Anticipating climate change

FM uses Climate Resilience Tracker analysis to assess whether current adaptation and mitigation measures remain robust under future climate conditions.

While some strategic New England locations exhibit relatively high inherent climate risk today, the analysis indicates that they are not among the locations expected to experience the most pronounced future changes in hazard intensity. This distinction reinforces the importance of combining current-state risk assessment with forward-looking climate analysis to inform risk management decisions.

For new facilities, FM is guided by a consistent philosophy that shapes every project worldwide: the majority of property loss is preventable, particularly when risks are identified early and engineered out from the start. This belief is embedded in how we select sites and design buildings. Climate risk considerations are integrated from the outset, with FM engineers working to minimize inherent risk wherever practicable—such as avoiding known flood zones, incorporating resilience features into building design and using climate projections and hazard analysis to inform capital planning and expansion decisions.

As FM expands its presence in India, this philosophy is being applied in practice. It is not theoretical for FM; it informed every material decision in the design and development of our new center of excellence in Bengaluru.

Bengaluru is evolving rapidly. Urban development has altered how water moves across the landscape and monsoon rainfall is becoming more intense in short bursts. These evolving conditions create stormwater challenges that can disrupt operations, not because of dramatic disasters, but because of everyday vulnerabilities such as overloaded drains, redirected runoff and localized ponding.

FM engineers studied how stormwater behaves both on and off the site—how it flows, where it slows and how future monsoon patterns may shift. Using long-range rainfall projections and FM's proven engineering methods, the center was designed to confidently handle high intensity rain events and to remain operational even during extreme bursts of monsoonal rainfall. In effect, the risk was engineered out before it could become a loss.

Leading by example

Across our operational portfolio, FM strives to embody the same standards we promote to our clients. By applying our science-based, preventive engineering principles to our own facilities, we demonstrate that resilience is most effective when it is embedded early and reinforced consistently. This approach reflects FM's core belief that strong, forward-looking design is one of the most powerful tools for loss prevention—and that resilience begins at home.

Metrics and targets

Our 2025 GHG emissions

FM's GHG inventory captures direct and indirect emissions across our operations, energy procurement and value chain. Prepared in accordance with the Greenhouse Gas Protocol (GHGP), the inventory provides a consolidated, group-wide view of our carbon footprint and supports informed decision-making on climate-related impacts, risks and opportunities.

2025 represents the third year of FM's initiative to develop a comprehensive and robust GHG inventory. Year-on-year movements in reported emissions reflect changes in operational activity, capital investment and emissions factors.

In 2025, our total reported GHG emissions were 205,072 metric tons of CO_2e, with approximately 89% attributable to scope 3 emissions. Total emissions increased compared to 2024, driven primarily by higher value-chain emissions associated with capital investment.

During the year, FM completed the purchase and retirement of a diversified portfolio of carbon offset technologies and renewable energy instruments to balance our 2024 GHG emissions. We intend to apply a similar approach to balancing 2025 emissions, consistent with the governance framework established in 2024.

Scope 1

Scope 1 emissions are direct GHG emissions from sources that we own or control, including onsite stationary fuel combustion, the company vehicle fleet and fugitive emissions.

In 2025, scope 1 emissions totaled 11,006 metric tons of CO_2e, a decrease of 337 metric tons compared to 2024. Higher mobile fleet activity was offset by the use of renewable diesel at the FM Research Campus and a year-on-year reduction in refrigerant-related emissions, reflecting fewer refrigerant top-offs and removals at major facilities.

Mobile emissions increased by approximately 4% compared to 2024, driven by higher mileage and an expanded fleet. The proportion of hybrid, plug-in hybrid and electric vehicles increased from 21% in 2024 to 27% in 2025, reflecting continued progress in fleet composition. We continue to consider a range of potential emissions-reduction measures, including increased sustainable vehicle options, as part of our longer-term evaluation of fleet and fuel use.

GHG emissions (metric tons of CO_2e)	January 1 to December 31		
	2025	2024	2023
Scope 1	**11,006**	11,343	10,142
Scope 2 (location-based)	**10,868**	11,315	11,934
Scope 2 (market-based)	**11,475**	11,528	11,940
Scope 3	**182,591**	171,263	141,331
Total (Scope 2 location-based)	**204,466**	193,921	163,407
Total (Scope 2 market-based)	**205,072**	194,134	163,413

Scope 2

Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam and chilled water. Emissions have been calculated using both the location-based and market-based methods, in line with GHGP guidance.

In 2025, scope 2 emissions (market-based) totaled 11,475 metric tons of CO_2e, a decrease of 53 metric tons compared to 2024, with electricity representing the dominant source across FM's operations. This reduction was primarily due to a decline in total electricity consumption.

We plan to purchase energy attribute certificates to balance 2025 electricity-related emissions across all facilities. This action forms part of a broader scope 2 management approach currently under development, which includes continued investment in energy efficiency and evaluation of onsite renewable energy opportunities at select locations.

Scope 3

Scope 3 emissions are indirect emissions occurring across FM's value chain from activities not owned or controlled by us but over which we may have influence. We continue to report emissions across eight scope 3 categories identified through prior materiality screening as potentially relevant to our value chain:

1 — Purchased goods and services

2 — Capital goods

3 — Fuel- and energy-related activities

4 — Upstream transportation and distribution

5 — Waste generated in operations

6 — Business travel

7 — Employee commuting

13 — Downstream leased assets

Category 15 — Investments remains excluded from scope 3 reporting.

In 2025, scope 3 emissions totaled 182,591 metric tons of CO_2e, an increase of 11,328 metric tons compared to 2024. The largest increase in absolute terms was observed in Capital goods, which increased by 80%.

The primary driver of this increase was investment in facilities and infrastructure, including projects associated with the FM Science and Technology Centers in Norwood and Luxembourg. As set out in this report, continued investment in world-class facilities that support scientific research, engineering innovation and risk mitigation practices is a fundamental element of FM's business strategy to support clients and communities in adapting to climate change. While Capital goods emissions associated with these investments are anticipated to remain elevated during construction, they should materially reduce when the new, energy-efficient facilities transition to operational status. We also continue to identify and implement value chain initiatives to reduce emissions in other categories. Excluding Capital goods, FM's overall scope 3 emissions decreased by 14% between 2024 and 2025.

Emissions from Purchased goods and services in 2025 decreased compared to 2024, primarily due to improved supplier emissions data. Business travel emissions decreased materially, driven predominantly by an overall reduction in air travel distance. Approximately one-fifth of reduced air travel emissions was offset by increased ground-based travel emissions. Emissions from Downstream leased assets also declined, largely due to lower electricity-related emissions and reduced refrigerant leakage at leased facilities, consistent with prior-year trends.

Metrics and targets

Targets and future direction

FM has not yet established externally validated GHG emissions-reduction targets. Our current focus remains on strengthening data quality, governance and analytical capability across all emission scopes, particularly within the value chain. Insights from the 2025 inventory will continue to inform the evolution of FM's environmental management approach and the future consideration of emissions management strategies, consistent with our long-term resilience objectives and business model.

Notes

FM's GHG emissions reporting is guided by the GHGP. Additional standards and methodologies are applied where appropriate to supplement calculations. Estimates are used where complete activity data are unavailable, based on best-available regional, sector-specific or supplier-specific information.

The 2025 GHG emissions inventory covers 82 FM facilities and 27 HBRE facilities. The 2024 inventory covered 72 FM facilities and 27 HBRE facilities, while the 2023 inventory covered 63 FM facilities and 28 HBRE facilities.

Estimations about energy use and emissions have been made based on regional average energy use per operational square feet and facility type. Estimations were made for 8% of facility energy-related emissions in 2025, 13% in 2024 and 8% in 2023.

2025 vehicle data include fleets in Argentina, Austria, Belgium, Brazil, Canada, Chile, Columbia, Czech Republic, France, Germany, Hungary, Italy, Luxembourg, Mexico, Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, Türkiye, United Kingdom and United States. 2024 data included these countries except Portugal and Türkiye, and also included Ireland.