

2025 Climate Risk Disclosures

June 2026



**LEAGUE SAVINGS
AND MORTGAGE**
A Credit Union Company

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Introduction

As a federal loan company, League Savings and Mortgage Company (“LSM”, “us”, “we”, “our”) is subject to the prudential supervision of the Office of the Superintendent of Financial Institutions (“OSFI”)¹. In accordance with OSFI Guideline B-15: Climate Risk Management (“Guideline B:15”) LSM is required to maintain sound climate risk management practices and provide climate related disclosures in line with OSFI’s prudential expectations.

Guideline B-15 outlines OSFI’s expectations for the sound management of climate-related risks and publishing disclosures in alignment with the International Sustainability Standards Board’s Climate-related Disclosures standard. In response, LSM has continued to advance the integration of climate-related considerations into its governance framework, enterprise risk management practices and business operations. This reflects LSM’s view that climate-related risks have the potential to affect the resilience of its strategy, operating model, financial position and risk profile over the short, medium and long term. LSM is committed to publishing disclosures in alignment with OSFI Guideline B-15, including additional requirements that come into effect in 2026 and beyond. This is expected to include the disclosure of cross-industry metrics related to the amount of LSM’s business activities that may be vulnerable to climate risk in our 2026 report, Scope 3 GHG emissions and additional industry-based metrics in our 2028 report, and a climate transition plan at a future date to be determined.

This report sets out LSM’s current approach to climate-related governance, strategy, risk management, and metrics and targets. It also summarizes the progress made during 2024 and 2025 to enhance LSM’s climate risk management capabilities, including improvements to governance and oversight, risk identification and assessment processes, internal reporting, data and methodology development, and organizational capacity. In addition, the report identifies priority areas of focus for 2026 and beyond as LSM continues to mature its approach in response to evolving business, regulatory and market expectations.

This disclosure has been prepared having regard to the size, nature, complexity and risk profile of LSM’s operations and reflects management’s current assessment of the climate-related risks and opportunities relevant to the institution as at the reporting date.

¹ Like all federally-regulated financial institutions, LSM submits regular financial returns to OSFI, which are made available to the public on OSFI’s Financial Data website, and can be accessed here: <https://www.osfi-bsif.gc.ca/en/data-forms/financial-data/financial-data-trust-companies>

Forward Looking Statements

This report contains forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expect,” “anticipate,” “believe,” “plan,” “intend,” “may,” “will,” “would,” “could,” or similar expressions.

Certain forward-looking statements in this report relate to LSM’s approach to climate-related governance, strategy, risk management, metrics and targets, including statements relating to climate-related risks and opportunities, scenario analysis, data availability, methodologies, and future enhancements to risk management practices.

Forward-looking statements are based on management’s current expectations, assumptions, estimates and judgments as of December 31, 2025, the end of LSM’s reporting period under OSFI Guideline B-15. These statements are inherently subject to risks, uncertainties and assumptions, many of which are beyond LSM’s control. Actual outcomes may differ materially from those expressed or implied by such forward-looking statements.

Climate-related risk management and disclosure are evolving areas. Many of the assumptions, standards, methodologies, scenarios, metrics and measurements used in preparing this report continue to develop and may change over time as climate science advances, data quality improves, and regulatory and supervisory expectations evolve, including under OSFI Guideline B-15. As a result, information in this report should not be interpreted as a guarantee of future performance or outcomes.

This report is intended to assist stakeholders in understanding how LSM currently identifies, assesses and manages climate-related risks and opportunities in accordance with OSFI Guideline B-15. It is provided solely for informational purposes and is not intended to provide investment, financial, legal, accounting, tax or other advice, and should not be relied upon as such.

While certain matters discussed in this report may be of interest to stakeholders, the use of the terms “material,” “significant,” or similar expressions should not be read as necessarily rising to the level of materiality used for the purposes of securities, financial or other laws or regulations, where applicable, nor should any information in this report be considered incorporated by reference into any such filings.

This report may include information derived from third-party sources or estimates, including modelled or interpolated data in instances where counterparty-specific data is unavailable. Such information is believed to be reasonable at the time of preparation; however, no representation or warranty is made as to its completeness or accuracy. Estimates and assumptions may change as methodologies are refined, climate science advances, and additional data becomes available.

Except as required by applicable law or regulatory guidance, including any update obligations that may arise under OSFI Guideline B-15, LSM does not undertake to update any forward-looking information contained in this report, whether as a result of new information, future events or otherwise. This report is unaudited unless otherwise stated.

Governance

Climate Governance

LSM is committed to strong and effective governance practices, and we acknowledge that these practices must continually evolve to keep pace with changes in our organization, stakeholder expectations, and regulatory requirements. The Board and Management actively monitor developments in corporate governance, including climate risk governance, and remain committed to ongoing training and development to ensure LSM continues to demonstrate leadership in governance across the credit union system.

Board Oversight

LSM manages all risks, including climate risk, through established governance structures. The Board of Directors oversees risk and approves our risk appetite, which sets out the amount of risk we are willing to accept in pursuit of our strategic goals. Climate risks, like all risks, are overseen by the Board's Risk Committee, which has a mandate to oversee risk management on an enterprise-wide basis. LSM's exposure to climate risk is included in our risk appetite, which is approved by the board, and thereby integrated into strategic decision making. The Board actively engages in ongoing evaluation of risk frameworks, sets clear policies for managing risk at both operational and strategic levels, and maintains accountability across the organization. Management reports to the Board quarterly on all risks.

We are dedicated to ensuring our Board and committee members have ongoing educational opportunities regarding their roles and responsibilities related to climate risks and opportunities. Our Board has participated in internal climate risk training, including sessions on OSFI's B-15 Climate Risk Management guideline. Additionally, Board members have pursued further education in climate risk and governance through organizations like the Canadian Credit Union Association, the World Council of Credit Unions, and the Institute of Corporate Directors.

Management Oversight

As part of our enterprise-wide approach to risk management, LSM's senior management is responsible for assessing climate risk. LSM's Management Risk Committee (MRC) is made up of executives and senior management from across the business and meets four times per year to discuss significant operational, strategic, and regulatory risks, including climate risk.

LSM's MRC reviews emerging climate-related threats and opportunities, ensuring alignment with industry standards and regulatory expectations. By fostering cross-functional collaboration and maintaining transparent communication with the Risk Committee and Board, the MRC ensures that appropriate climate risk considerations are integrated into business planning, resource allocation, and strategic decision-making. Direction and oversight for climate risk is integrated into the responsibilities of our enterprise risk management team. This proactive approach enables LSM to monitor and adapt to evolving climate risks that could affect our business and supports a culture of continuous improvement in risk management practices.

Climate Strategy

Climate Related Risks and Opportunities

Effectively addressing climate change at LSM requires us to identify climate-related risks and opportunities that may affect us in the short, medium, and long term. We consider “short-term” as three years, “medium-term” as five years, and “long-term” as ten years.

By recognizing potential climate risks across each period, we can better spot new opportunities and understand how they could impact our business, strategy, and financial planning. We are continuously working to deepen our awareness of climate-related risks and opportunities over all timeframes. This ongoing effort will help inform our strategic decisions regarding the climate challenges and opportunities LSM encounters.

LSM maintains a low to moderate appetite for climate related financial risks. We recognize that physical and transition risks arising from climate change can materially affect our borrowers, operations, and long term financial resilience, and do not knowingly take on exposures where climate related risks are high, unmitigated, or poorly understood.

We intend to actively monitor climate related impacts on credit quality, capital adequacy, and operational continuity, and plan to integrate climate considerations into lending and investment decisions. Our objective is to ensure that climate related risks remain within our capacity to identify, measure, and manage.

While we have determined the current effects of climate related-risks on our business are relatively minor, we plan to conduct further work to confirm this and to better understand the anticipated effects of climate-related risks and opportunities on our business model and value chain. As part of this work, in 2026 we plan to conduct an enhanced assessment of potential climate risk impacts, including physical risk mapping and assessment that leverages the insights we gained from completing OSFI’s Standardized Climate Scenario Exercise in 2025.

In 2024, we completed benchmark calculations of our Scope 1 and 2 operational greenhouse gas emissions (GHGs) related to our leased office space and have updated these calculations for 2025. We have identified opportunities to improve the accuracy of this data in future years, and plan to explore opportunities to reduce our carbon footprint.

Employee Education and Engagement

LSM is committed to supporting its employees in educational opportunities related to the impacts of climate change through webinars, online courses, and industry conference sessions. Our Educational Assistance program supports this training for employees, enabling our team to enhance their skills and knowledge and contribute to LSM’s strategic goals.

Sustainable Products and Services

In 2025, we continued to partner with Desjardins to offer six Better Earth Portfolio Guaranteed Investment options to our customers. The returns of these socially responsible term deposit offerings are based on the performance of a group of companies selected for their commitment to initiatives that reduce the environmental impact of their operations.

Risk Management

Identification and Assessment of Risks

In our risk taxonomy, climate risk is defined as the risk of event-driven or longer-term shifts in climate patterns, including physical and transition risks, which lead to business disruption, stranded assets, liquidity and funding stress, earnings volatility, or profitability pressure, capital stress, misalignment with a shift to a lower-carbon economy, etc. Physical risk is the risk of loss from acute or chronic climate events affecting collateral values, borrower cash flows, or business continuity, and is particularly relevant given LSM's real estate secured lending and geographic concentrations. Transition risk is the risk of loss arising from policy, legal, market, and technology changes associated with the transition to a low-emissions economy, which can affect certain industries, property types, and borrower segments.

LSM integrated climate risk into our Enterprise Risk Register in 2023. In our assessment of climate risk, we consider both physical risk (acute and chronic) and the transition risk of moving to a lower carbon economy. LSM has relatively low exposure to high-emitting industries like oil and gas, transport, and heavy industry, and we have determined that physical risk is therefore more likely than transition risk to have an impact on our operations.

Management assesses risks using LSM's Enterprise Risk Management framework, which evaluates the likelihood and consequences of risk scenarios. LSM continues to enhance its risk identification and assessment approach to ensure we are well-positioned to respond to evolving climate-related risks. We have identified short and medium-term opportunities to improve data gathering and analysis and help us better understand and assess our exposure to climate-related risks, including threats from extreme weather events.

We include a general assessment of the impact of physical and transition risks in our Internal Capital Adequacy Assessment Process (ICAAP) modelling and have allocated capital reserves in the event these risks materialize.

Management of Risks

LSM uses an enterprise-wide approach to identify, assess, monitor, manage, and report on all risks to which LSM is exposed. Our Enterprise Risk Management (ERM) Framework includes a comprehensive infrastructure of policies, procedures, methods, oversight, and independent review. As part of our overall approach to risk management, we reduce the likelihood or impact of risks occurring through controls and mitigation measures and take action when further reduction of risk is needed.

Business Continuity

An integral component of LSM's risk management framework is Business Continuity Management, a holistic management process that identifies potential impacts that threaten our organization and provides a framework to ensure we can continue to operate under adverse conditions. This process ensures we can prioritize and maintain the most critical and time sensitive work during an emergency. Our Business Continuity Program provides guidance on preparing for, responding to, and recovering from serious business interruptions such as utility or network disruptions, cybersecurity events, and severe weather events.

Climate Scenario Analysis

In 2025, LSM participated in OSFI's Standardized Climate Scenario Exercise (SCSE), a climate stress test designed to help financial institutions understand and evaluate their potential exposure to climate-related risks over several time horizons. The SCSE was a valuable foundational exercise that added to our understanding of LSM's potential climate risk exposures and improved our ability to conduct scenario analysis. In completing the exercise, we analyzed the flood and wildfire risks facing LSM's real estate assets, and potential climate transition risks on our commercial lending portfolio. We also identified several areas where we would like to enhance future scenario analysis work, including expanding the geographic scope for physical risk mapping to include more of LSM's portfolio in the analysis.

To better understand the potential impacts of physical risks from extreme weather events on our portfolio, in 2026 we plan to engage with CUMIS/Co-operators to conduct further financial risk modelling and physical risk mapping. We also plan to seek out additional opportunities that allow us to enhance our ability to analyze and mitigate potential climate risk impacts on our business.

Metrics and Targets

Operational Emissions

LSM’s Scope 1 and 2 operational emissions are related to our leased office space in Halifax, NS. In 2024, we completed a baseline calculation of our Scope 1 and 2 operational emissions, based on 2023 year-end data. We also began preparing for future calculations of our Scope 3 operational emissions and looked at our processes to determine where small changes could be leveraged to improve our data collection and ability to accurately report on emissions.

LSM expects to consider and develop relevant climate-related targets in 2026 and beyond as we undertake financial risk modelling and physical risk mapping to better understand the risks specific to the LSM credit portfolio and business model.

Table 1: 2025 Operational GHG Emissions – Scope 1 and 2

Operational GHG Emission Source (Tonnes CO ₂ e)	2025
Scope 1: Heating Oil	45.863
Scope 2: Electricity	4.989
Total Operational Scope 1 and 2 Emissions	50.852

Measurement Approach and Assumptions

LSM shares office space with its parent company, Atlantic Central. To calculate our operational Scope 1 and Scope 2 emissions, we assumed proportional use of the space based on the number of full-time employees of each company, as well as the square footage of the leased space.

The greenhouse gas emissions shown in Table 1 above are calculated according to the Greenhouse Gas Protocol standards and guidance developed by the WRI and the WBCSD, including the Corporate Accounting and Reporting Standard (Revised Edition), Scope 2 Guidance, and Technical Guidance for Calculating Scope 3 Emissions (collectively, “the Greenhouse Gas Protocol”). The GHGs quantified are also in accordance with ISO 14064.

Glossary of Terms

Climate risk: The threats posed by climate change and the global response to the safety and soundness of financial institutions, and the broader financial system. These include physical risks from climate-related disasters, longer-term gradual shifts of the climate and indirect effects of climate change such as public health implications. They also include transition risks related to adjustment towards a low-greenhouse gas (GHG) economy. These risks could emerge from future regulation, technological advancements, and market changes.

Source: [Climate Risk Management \(osfi-bsif.gc.ca\)](https://osfi-bsif.gc.ca)

Greenhouse gas (GHG) emissions: Greenhouse gas (GHG) emissions refer to the natural and human-caused release into the atmosphere of gases that absorb and re-emit infrared radiation.

Source: [Canadian Centre for Energy Information](https://www.nec.gc.ca)

Operational emissions: Direct and indirect emissions that result from the day-to-day operations of an organization, across scopes 1, 2 and 3 (except financed emissions).

Source: [GHG Protocol \(/https://ghgprotocol.org/sites/default/files/standards/ghg-protocolrevised.pdf\)](https://ghgprotocol.org/sites/default/files/standards/ghg-protocolrevised.pdf)

OSFI B-15 Guideline: Guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI) in Canada, outlining expectations for federally regulated financial institutions in managing climate-related risks.

Source: [Guideline B-15 – Climate Risk Management \(osfi-bsif.gc.ca\)](https://osfi-bsif.gc.ca)

Risk appetite: The risk appetite is the amount and type of risk an organization is willing to take to achieve its strategic objectives.

Source: [Institute of Risk Management – Risk Appetite and Tolerance](https://www.instituteforriskmanagement.com)

Scenario analysis: A process of examining and evaluating possible future events and outcomes and is used for forward-looking assessments of risks and opportunities. Scenarios are not forecasts or predictions but highlight central elements of a possible future. Scenario analysis is used as a tool to identify and assess how various combinations of climate-related risks may affect organizations and their financial performance.

Source: [Accounting for Sustainability – TCFD Climate Scenario Analysis](https://www.accountingforsustainability.com)

Scope 1: Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc., or emissions from chemical production in owned or controlled process equipment.

Source: [Net-Zero Jargon Buster – a guide to common terms – Science Based Targets](https://www.net-zero-jargon-buster.com)

Scope 2: Emissions from purchased electricity, heat, and steam for use in business operations. Scope 2 emissions physically occur at the facility where electricity is generated, and so would fall into the scope 1 category for the power generator.

Source: [Net-Zero Jargon Buster – a guide to common terms – Science Based Targets](https://www.net-zero-jargon-buster.com)

Scope 3: Indirect GHG emissions (other than those covered in scope 2) that occur in the value chain of the company. These can be up or down the value chain. For example, transport and distribution, or the use and disposal of goods or services after they reach the consumer. These activities might include extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

Source: [Net-Zero Jargon Buster – a guide to common terms – Science Based Targets](https://www.net-zero-jargon-buster.com)