MARCH 2026

INVESTOR BRIEF: FAIRFAX FINANCIAL HOLDINGS LTD.

FINANCED EMISSIONS DISCLOSURE RESOLUTION

INVESTORS *for* PARIS COMPLIANCE

CONTENTS

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ABOUT INVESTORS FOR PARIS COMPLIANCE

Investors for Paris Compliance (I4PC) is a shareholder advocacy organization that works to hold Canadian publicly-listed companies accountable to their net zero commitments. More information can be found here.

VOTING INFORMATION

Meeting date:	**April 16, 2026, 9:00 am EDT**
Proxy cut off date:	Intermediaries must receive instructions by **5:00 p.m. EDT, April 14, 2026**
Voting information:	here

NOTE: This is NOT a solicitation of your proxy; it simply provides contextual information from public sources regarding the proposal. Please do not send us your proxy card—we are not able to vote your proxies nor does this communication contemplate such an event. We recommend shareholders follow voting instructions provided in management's proxy mailing.

WHY WE RE-FILED

- This proposal is being re-filed following majority support from independent shareholders at last year's AGM.
- Despite that outcome, and despite repeated outreach during the subsequent filing period, Fairfax Financial refused engagement and failed to substantively address shareholder concerns.
- A majority of independent shareholders signaled that financed emissions disclosure is material to their investment decision-making and expressed a clear governance expectation.
- As a result, shareholders are again being asked to consider a request for initial transparency.

While Fairfax acknowledges climate change as a material financial risk to its insurance and investment operations, it does not provide shareholders with a consolidated accounting of financed emissions – now widely recognized as a first step in managing climate risk. Without that initial action, shareholders lack the transparency needed to assess how the company is measuring and managing that risk.

RECOGNITION WITHOUT ACTION

Fairfax publicly states that "climate change is a substantial risk for insurance organizations, and Fairfax is no exception,"[1] and that "physical risks arise from changing exposures due to weather-related events, while transition risks come from changes in legal policies and market behaviour during the transition to a low carbon economy."[2] However, this recognition is not accompanied by meaningful measurement, disclosure or action.

The company provides no consolidated disclosure of financed Scope 1, 2, or 3 emissions at the holding-company level and no timeline for doing so. It has indicated disclosure will occur only if required by regulation,[3] unlike the majority of its insurance sector peers.

1 Fairfax Financial, ESG Report (2024) at 11.
2 Fairfax Financial, ESG Report (2024) at 12.
3 Fairfax Financial, ESG Report (2024) at 18.

Disclosure across subsidiaries is limited and fragmented:

- Brit Insurance (9% of Fairfax's insurance operations) discloses only Scope 1 & 2 emissions, with no reporting on Scope 3, where the majority of climate risk lies for insurers.[4]
- Southbridge (1% of insurance operations) reports Scope 1, 2, and 3 emissions, but represents only a small fraction of Fairfax's business.[5]
- Some investment associates (subsidiaries), such as Recipe, Thomas Cook, Poseidon, and Eurobank Ergasias, report limited emissions data.[6]
- Hamblin Watsa Investment Management, Fairfax's investment arm, does not disclose any financed emissions at all, despite Fairfax's extensive financial exposure to high-emitting industries.

Investors evaluate Fairfax as a consolidated enterprise and risk disclosure should match that structure. For a full breakdown, see table in Fairfax: An Assessment of Climate Risks, for the climate risk progress for Fairfax's major insurance subsidiaries and investment associates.

CONCENTRATED EXPOSURE AND FRONT-LINE INDUSTRY RISK

The need for transparency is heightened by Fairfax's concentrated exposure to high-emitting sectors and the insurance industry's structural position on the front lines of climate risk.

As Fairfax has noted, Fairfax is directly exposed to escalating physical risk. The company reported US$1.2 billion in catastrophe losses in 2025, mainly from the California wildfires in the first quarter of 2025, and now has average catastrophe losses of over $1 billion annually over the last five years.[7] Global insured losses have grown at more than twice the rate of GDP since 1994, and Swiss Re projects that insured losses could double within the next decade. Climate change directly affects underwriting profitability, reserving, pricing, and capital adequacy.

In addition to physical risk exposure, Fairfax maintains significant exposure to high-emitting sectors. Fairfax is the third largest global insurer of commercial fossil fuel clients,[8] and as of 2023 held C$1.5 billion in fossil fuel-related investments.[9] Fairfax also issued insurance bonds for controversial offshore oil exploration in Brazil as of 2022.[10] Yet, it has failed to take the first step of disclosing its financed emissions, a building block also for measuring and disclosing its Insurance-Associated Emissions.[11]

4 Brit, Climatewise report 2023 (n.d.) at 35; PCAF, Insurance-Associated Emissions (Nov. 2022).
5 Southbridge, Annual Report 2023 (n.d.).
6 Investors for Paris Compliance, Fairfax: An Assessment of Climate Risks (January, 2025).
7 Fairfax Financial, 2025 Annual Report (March, 2026).
8 Insure our Future, 2024 Scorecard (Dec. 2024).
9 Investors for Paris Compliance, Playing with Fire (June, 2024).
10 Insure our Future, The Insurers Behind Brazil's Offshore Oil Expansion (Jan. 2022).
11 For more on Insurance-Associated Emissions, see the Partnership for Carbon Accounting Financials here.

Within its top listed investments, Fairfax owns:

- A 49% ownership of EXCO Resources (oil and gas) with a ~$592 million investment,
  - On EXCO, Fairfax states "We remain optimistic that growing LNG exports, coal-to-gas switching and AI data centre demand will create a favourable environment for natural gas producers."
- 75.6% ownership of Waterous Energy Fund, (oil and gas)
  - Major investments in Strathcona Resources Ltd. and Greenfire Resources Ltd, each with 50+ year reserve lives and plans to expand production.
- $200 million carrying value in Occidental Petroleum (oil and gas),
- Stake of 8% worth €510 million in Mytilineos (gas-fired power).[12]
- ~200 million in Cleveland-Cliffs (heavy industry)

Fairfax's responsible investing statements indicate that excessive environmental risks may lead to rejection or divestment of investments.[13] However, the company provides no defined criteria, thresholds, or disclosure demonstrating how such standards are operationalized.

Similarly, while Fairfax acknowledges the risk of asset devaluation in transition-exposed sectors, its stated response is to use "...our expertise to help our clients adapt to the changing markets by developing strategies & technology."[14] Again, there are no measurable benchmarks or portfolio-level analysis, and placed beside its expectations for the above investments, is meaningless In fact, in its Annual Report, Fairfax dedicates more discussion to its optimism around fossil fuel demand than it does to its climate risk strategy.

For insurers, financed emissions reporting is a gateway to Insurance-Associated emissions reporting and a necessary foundation for understanding underwriting exposure. Measuring financed emissions establishes the systems, governance, and data processes required to evaluate insurance-associated emissions and transition alignment more broadly. Without this first step, meaningful climate risk management is structurally constrained.

REGULATORY REQUIREMENTS AND PEER PRACTICE

Regulatory requirements for financed emissions disclosure are expanding globally. In Canada, federally regulated insurers will be required to disclose financed emissions beginning with fiscal year 2028,[15] with similar expectations evolving in the EU and U.S. As Fairfax has acknowledged, these compliance requirements will impact its subsidiaries.

Peers that have already built disclosure systems face lower compliance costs and less execution risk. Those companies also recognize that financed emissions disclosure is one of the initial steps of properly addressing material financial risk, as risk not measured is risk that cannot be managed.

12 Fairfax Financial, Letters To Our Shareholders (March, 2024).
13 Fairfax Financial, ESG Report (2024) at 9.
14 Fairfax Financial, ESG Report (2024) at 13.
15 OSFI, Letter to Industry (Feb. 2025).

Fairfax is a laggard among its global peers. Most are doing more. The global insurance holding company Tokio Marine[16] and other holding companies such as GBL,[17] Industrivarden AB,[18] and Investor AB,[19] have made progress on their climate disclosure.[20] Global insurers such as Allianz[21], Zurich,[22] Munich Re,[23] Suncorp,[24] Generali,[25] and more[26] have taken steps to address climate-related financial risks by not only disclosing financed emissions but also setting and executing transition plans. Multiple Canadian insurers have been disclosing emissions for multiple years,[27] including competitor Intact Financial who began disclosing investment emissions in 2022.[28]

By contrast, Fairfax has:

- No public disclosure of financed emissions (Scope 1, 2, or 3).
- No targets or plans to reduce financed emissions despite its exposure.
- No clear client engagement or escalation policy on climate transition.
- No lobbying transparency or commitment to align with Paris Agreement goals.

ADDRESSING MANAGEMENT'S OBJECTIONS

Management's response confirms the core concern underlying this proposal: Fairfax acknowledges the importance of climate-related financial risk but continues to resist providing the transparency investors request to evaluate that risk or the company's response. Management also relies on the same arguments that the majority of independent investors rejected last year.

First, the Board's assertion that Fairfax is already managing climate risk does not address the substance of the proposal. Internal analysis is not a substitute for disclosure and does not provide investors with decision-useful information. It is not clear why Fairfax, compared to its global peers, would keep this information secret. Financed emissions disclosure is widely recognized as the baseline metric financial institutions use to understand portfolio exposure to transition risk.

Fairfax states that it has already begun calculating emissions associated with its investment portfolio. If the company has the capacity to generate internal estimates, it also has the capacity to share those estimates with shareholders alongside appropriate context regarding methodology and data limitations.

Second, management's claim that the proposal is "premature" because Canada has not yet mandated disclosure mischaracterizes the issue. Investors routinely expect disclosure of material financial risks before regulation compels it, and many global insurance peers voluntarily do so.

16 Tokio Marine, Our Climate Strategy (n.d.).
17 GBL, Annual Report 2022 (n.d.) at 150.
18 Industrivarden AB, 2022 Sustainability Report (March, 2023).
19 Investor AB, Climate and Resource Efficiency (n.d.).
20 SBTi, Companies Taking Action (n.d.).
21 Allianz, Statement on Oil and Gas (Feb. 2023).
22 InsuranceBusiness, Zurich Insurance cancels underwriting new fossil fuel projects (April, 2024).
23 Munich RE, New Oil & Gas investment / underwriting guidelines (October, 2022).
24 Suncorp, Responsible underwriting, lending and investing (n.d.).
25 Generali, Strategy on Climate Change (June, 2022).
26 Insure our Future, Insurance Company Fossil Fuel Underwriting Policy Overview (July, 2024).
27 Investors for Paris Compliance, Playing with Fire (June, 2024).
28 Intact Financial, ESG Report 2022 (March, 2023).

Third, the Board emphasizes challenges around data availability and methodological consistency. These challenges are well known across the financial sector and nearly all institutions reporting financed emissions rely on estimates and evolving data coverage. Imperfect data has not prevented peers from providing investors with initial portfolio-level disclosures. Indeed, the data will never be perfect. Transparency about assumptions and data gaps is a standard feature of responsible reporting and allows investors to track improvement over time.

Fourth, the Board's argument that disclosure depends on subsidiary-level reporting underscores rather than resolves the governance issue. Investors evaluate Fairfax as a consolidated enterprise. Fairfax centrally manages investments and strategic oversight across its decentralized operating companies. It is therefore reasonable for shareholders to expect consolidated disclosure that reflects the structure through which financial risk is ultimately borne.

For shareholders seeking to understand the company's exposure to a rapidly evolving financial risk, that lack of transparency remains the central concern this proposal seeks to address.

THE RESOLUTION

RESOLVED: That Fairfax disclose its financed emissions, across all material scopes and in absolute terms, as a first step towards managing climate-related financial risk.

SUPPORTING STATEMENT:

This is the second year filing this proposal. Proponents were informed verbally that it achieved a majority vote among subordinate shareholders last year, although unlike with its director votes, Fairfax did not break out this result by vote class in its filings.

There has been no evidence of progress by Fairfax on the proposal content, nor any responsiveness by management or the board.

Fairfax derives more than ¾ of its revenues from its insurance businesses but continues to significantly lag behind its insurance peers on climate risk management. Although Fairfax has stated that understanding climate change is critical to managing risk, an analysis of its disclosures, subsidiaries and major investments finds little evidence of climate-related risk management.[29]

Global insured losses have grown at more than twice the rate of GDP since 1994.[30] The Canadian personal property insurance market experienced combined loss ratios of 101% for both 2024 and 2023.[31] SwissRe projects that insured losses could double within the next decade.[32] Fairfax itself incurred US$1.1 billion in catastrophe losses in 2024.[33]

Financed-emissions disclosure is a foundational risk management tool used by financial institutions to quantify portfolio-level exposure to climate risk. Recognizing the financial importance of emissions disclosure, global peers have chosen to do so voluntarily. Peers such as AXA, Allianz, MunichRe and SwissRe provide such disclosure.

Fairfax has indicated the growing capability to measure its financed emissions but the company has stated the results will not be disclosed to investors unless mandated by regulators.[34] Fairfax subsidiary Northbridge will need to report financed emissions to the Office of the Superintendent of Financial institutions, but this will not be reported to investors and represents a small portion of Fairfax's operations.

29 https://www.fairfax.ca/wp-content/uploads/2023-Fairfax-Financial-Holdings-Limited-ESG-Performance-Report.pdf; https://www.investorsforparis.com/memo-fairfax-assessment-of-climate-risks/

30 https://www.insurancebusinessmag.com/ca/news/breaking-news/insurers-confront-growing-climate-losses-as-capital-pressures-mount-in-canada-and-beyond-545635.aspx

31 https://a.storyblok.com/f/339220/x/ba2a5efb46/personal-property-report.pdf

32 https://www.swissre.com/institute/research/sigma-research/sigma-2025-01-natural-catastrophes-trend.html

33 https://www.fairfax.ca/press-releases/fairfax-financial-holdings-limited-financial-results-for-the-year-ended-december-31-2024-2025-02-13/

34 https://www.fairfax.ca/wp-content/uploads/2025/04/250407_ESG_Report_FINAL.pdf#page=18

Financed-emissions reporting builds the expertise to then undertake insurance-associated emissions disclosures,[35] as peers such as Zurich[36], AXA XL[37] and Allianz[38] have done. Fairfax is a significant underwriter of commercial enterprises, including both fossil-fuel and renewable-energy clients, and insurance-associated emissions disclosure would further enable investors to better understand the company's exposure to transition risk.

Peer insurers are using financed-emissions data to inform transition planning. Allianz excludes new oil and gas projects from both its investment and insurance portfolios,[39] while other major insurers including Zurich,[40] MunichRe,[41] Suncorp,[42] Generali,[43] and others[44] have committed to end or restrict underwriting for new oil and gas projects. In Canada, Cooperators recently committed to invest US$3 billion in climate solutions by year-end 2030, and reach 50% of AUM in impact or climate transition investments by year-end 2026, and 60% by 2030.[45]

Long-term value creation in the insurance industry is highly dependent on managing climate risk. Fairfax can begin to do this by responding favourably to this proposal.

35 https://carbonaccountingfinancials.com/files/downloads/pcaf-standard-part-c-insurance-associated-emissions-nov-2022.pdf
36 https://edge.sitecorecloud.io/zurichinsur6934-zwpcorp-prod-ae5e/media/project/zurich/dotcom/sustainability/docs/sustainability-report-2024.pdf
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43 https://www.generali.com/doc/jcr:32646e34-90ae-48b5-90c1-32b97b85cc68/GENERALI%20GROUP%20CLIMATE%20CHANGE%20STRATEGY_TECHNICAL%20NOTE%200622.pdf/lang:en/GENERALI_GROUP_CLIMATE_CHANGE_STRATEGY_TECHNICAL_NOTE_0622.pdf
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