



Cogeco Climate Action Plan and TCFD Report

NOVEMBER 2021



 **COGECO**

A world of your **very own**

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COGECO: GROWING STRONGER EVERY DAY, FOR MORE THAN 60 YEARS

Cogeco is a growing competitive force in the North American telecommunications sector, with a legacy of over 60 years.

We enjoy a unique and enviable position as the only broadband services company with a significant presence in both Canada and the United States. Today, we are the second largest cable operator in Quebec and Ontario and the ninth largest operator in the United States, where we operate in 12 states.

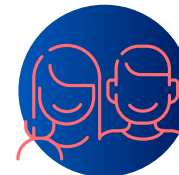
We continue to grow our footprint through network investments to help address the digital divide between large urban centres and regional areas as well as through targeted acquisitions in areas where we are positioned as a consolidator of regional cable operators. We are focused on delivering great customer experiences and developing our communities. We are proud to serve our customers with local teams, to contribute to the connectivity needs of our communities as well as to invest in their social and cultural life.

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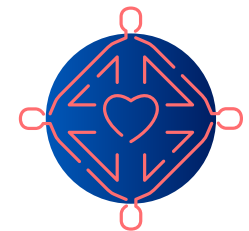
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\$2.6 billion
in revenues



4,400
employees



Supporting 700
local non-profit
organizations



1st telecommunications company in Canada with emissions reduction targets approved by the Science Based Targets initiative





FORWARD-LOOKING STATEMENTS

This Climate Action Plan and Task Force on Climate Related Financial Disclosures (TCFD) Report includes “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws (collectively, “forward-looking information”). This forward-looking information includes, but is not limited to, statements relating to our objectives, plans and strategies to achieve these objectives, including, in particular, priorities and plans for the establishment and achievement of certain environmental and sustainability targets for reductions in greenhouse gas emissions and related matters, business opportunities that could result from climate change and the potential positive impact thereof on our company, expected savings, the expected financial and operational impacts on our company of various climate-related events, and other statements that are not historical facts. Forward-looking information may contain statements with words or headings such as “commitment”, “anticipate”, “believe”, “expect”, “plan”, “will”, “must”, “goal”, “target”, “should” or similar words suggesting future outcomes. It includes conclusions, forecasts, and projections

that are based on our current estimates, expectations, assumptions, and other factors, and that we believe to have been reasonable at the time they were applied, but may prove to be incorrect.

In addition, forward-looking information is also subject to certain factors, including Uncertainties and Main Risk Factors which are described in the MD&A section of the 2021 annual report, that could cause actual results to differ materially from what we currently expect.

The reader should not place undue importance on forward-looking information contained in this report. Forward-looking statements contained in this report represent our expectations as of the date of this report and are subject to change after such date. While we may elect to do so, we are under no obligation (and expressly disclaim any such obligation) and do not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

“ Together, with a continued collective effort, we can build a prosperous and sustainable economy. ”

– Philippe Jetté



MESSAGE FROM THE CEO

Cogeco strives to be a leader in the implementation of the best environmental, social and governance practices. We know that addressing climate change effectively is key to ensuring the long-term sustainability of not only our business, but also of the world we live in. The findings contained in the recently released Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) further highlights the urgency of taking decisive climate action now.

Earlier this year, Cogeco announced its new science-based emissions reduction target, becoming the first Canadian telecommunications company to set an ambitious emissions reduction target in line with the pathway required to limit

warming to 1.5°C. We have now taken this a step further, by extending this target to include our ambition to achieve net zero emissions across our entire value chain by 2050. Achieving our medium-term and long-term targets requires a detailed action plan involving collaboration and innovation across all areas of our business, as well as with our supply chain partners. In addition, we recognize the importance of transparent disclosures around our management of climate-related issues in line with the TCFD recommendations. As a result, we are pleased to share with you our first Climate Action Plan and TCFD Report outlining the concrete steps we will take in support of urgent climate action as well as our processes and strategies to assess and manage climate-related risks and opportunities.

Climate action must be a top priority for all industries. Together, with a continued collective effort, we can build a prosperous and sustainable economy. Cogeco is committed to demonstrating strong and inspiring leadership and taking concrete steps to meet the challenges of climate change. We will continue to incorporate this commitment into our daily business decisions, always considering what is best for our communities, customers, employees and the planet.

Philippe Jetté

President & Chief Executive Officer

INTRODUCTION

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) is the first major IPCC review to specifically focus on when the world might pass the thresholds of 1.5°C and 2°C warming over pre-industrial levels. It has been dubbed a “code red for humanity”, with findings suggesting that Earth is on the doorstep of the much-discussed 1.5°C threshold, which more likely than not may be reached by 2040. The IPCC indicates that “unless there are immediate, rapid, and large-scale reductions in greenhouse gas emissions, limiting warming to 1.5°C will be beyond reach”.

Exceeding this level of global warming will lead to increasingly extreme heat waves, droughts and flooding, causing widespread social and economic upheaval.

In order to limit global warming to 1.5°C and help prevent the worst impacts of climate change, countries and businesses must set ambitious paths towards decarbonization. While our industry’s environmental footprint is arguably smaller than that of many other sectors, Cogeco is nonetheless committed to leading the decarbonization pathway

in the industry. This is why Cogeco was the first Canadian telecommunications company to have an officially approved science-based target consistent with emission reductions required to keep warming to 1.5°C.

This Climate Action Plan and TCFD Report outlines the concrete steps Cogeco is taking to support the transition to a low-carbon economy while ensuring that the effects of climate change are systematically considered and integrated into our business strategy and related decisions.



CONTEXT

SCOPE

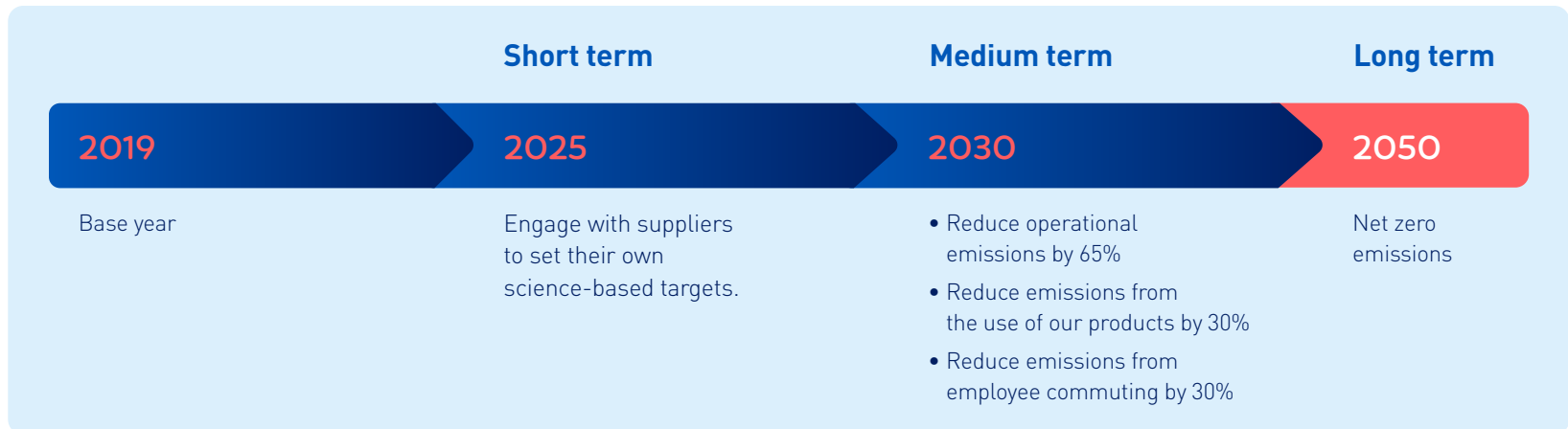
Cogeco's Climate Action Plan and disclosures contained in this report are company-wide, covering both our Canadian and U.S. operations. Our plan includes actions to reduce our own operational emissions (covering 100% of our scope 1 and scope 2 emissions) as well as the most material emissions from our value chain (representing over 67% of our scope 3 emissions), to the extent that we can influence them. It also includes actions to ensure long-term resilience by identifying and mitigating our key climate-related risks, while maximizing climate-related opportunities.

TIMEFRAME

Climate science says that in order to limit the worst impacts of climate change, we need to halve global emissions by around 2030 and reach net-zero emissions by mid-century. Cogeco is committed to doing its part to fight the impacts of climate change and secure a thriving, sustainable economy. As part of this commitment, we have set targets, aligned with the recommendations of climate science, over the short, medium and long terms.

ASSURANCE

Data presented in this report are the most accurate as of the date of publication. We have completed a third-party limited assurance review of our fiscal 2019 and 2020 energy consumption from fleet fuel and electricity use, as well as of our scope 1 emissions from fleet fuel consumption and scope 2 location and market-based emissions. The limited assurance review covers over 90% of our energy consumption and scope 1 & 2 GHG emissions in fiscal 2019 and 2020. The third-party limited assurance review of our fiscal 2021 energy consumption and GHG emissions is pending.



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OUR CLIMATE ACTION STRATEGY

OUR CLIMATE ACTION STRATEGY

Our strategy to take concrete climate action and transition the company to a business model compatible with a low-carbon economy revolves around the following key actions:

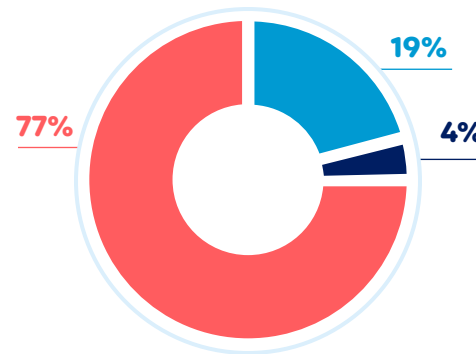
- A** Reducing emissions from our own operations
- B** Reducing emissions from our value chain
- C** Minimizing climate-related risks and maximizing climate-related opportunities
- D** Enabling the reduction of emissions by providing products and services that support the transition to a low-carbon economy

A Reducing emissions from our own operations

Our energy consumption and operational emissions

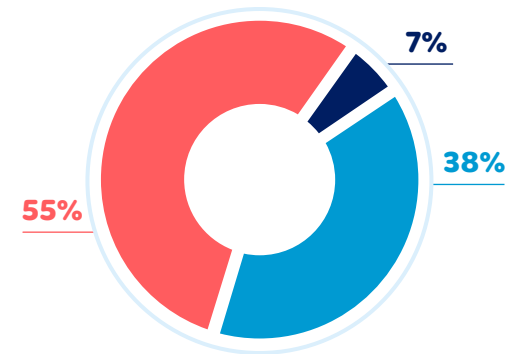
The main sources of energy consumption and emissions for Cogeco are electricity to power our networks and facilities, followed by fuel consumption by our fleet, and then fuels used for heating and generators in our facilities.

FY21 energy consumption (% of total MWh)



● Fuel in facilities ● Fleet ● Electricity

FY21 scope 1 & 2 GHG emissions (% of total tCO2e)



● Fuel in facilities ● Fleet ● Electricity

OUR CLIMATE ACTION STRATEGY

A Reducing emissions from our own operations (continued)

Our targets and progress

In 2020, Cogeco set a science-based emissions reduction target covering 100% of company-wide scope 1 and 2 emissions. Our target follows a financial year calendar, running from September 1 to August 31 of the following year. Our scope 1 & 2 emissions reduction target is as follows:

Cogeco commits to reduce absolute scope 1 & 2 emissions by 65% by 2030 from 2019 levels.

Achieving this target requires close monitoring of our total energy consumption, including the percentage of renewable and non-renewable energy consumption. Tracking this data not only helps measure progress towards decarbonizing our operations, but also provides a key metric to assess our climate-related risks (e.g., policy risks from carbon pricing).

In fiscal 2021, our percentage of renewable energy consumption increased by 50% vs. 2019 due to continued investment in renewable energy.

	FY19				FY20				FY21				CHANGE FY21 VS FY19	
	RENEWABLE MWH	NON-RENEWABLE MWH	TOTAL	% RENEWABLE	RENEWABLE MWH	NON-RENEWABLE MWH	TOTAL	% RENEWABLE	RENEWABLE MWH	NON-RENEWABLE MWH	TOTAL	% RENEWABLE	TOTAL ENERGY CONSUMPTION	% RENEWABLE ENERGY CONSUMPTION
FLEET	-	40,700	40,700	0%	-	36,810	36,810	0%	-	33,386	33,386	0%	-18%	0
FUEL IN FACILITIES	-	8,749	8,749	0%	-	6,412	6,412	0%	-	7,179	7,179	0%	-18%	0
ELECTRICITY	30,657	108,075	138,732	22.1%	39,701	96,994	136,695	29%	43,346	93,762	137,108	31.6%	-1%	43%
TOTAL	30,657	157,524	188,181	16%	39,701	140,216	179,917	22%	43,346	134,327	177,673	24%	-6%	50%

OUR CLIMATE ACTION STRATEGY

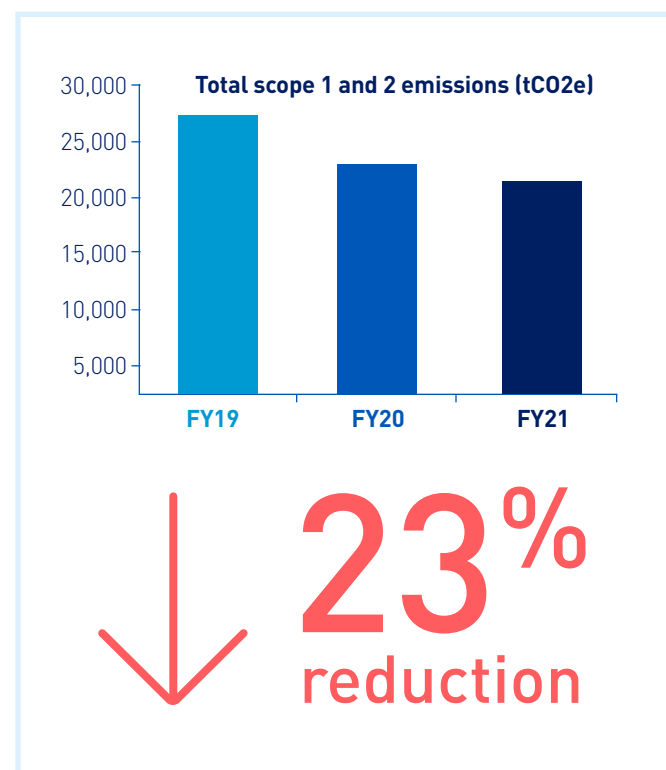
A Reducing emissions from our own operations (continued)

In terms of emissions reductions, Cogeco achieved an absolute emissions reduction of 23% in fiscal 2021 vs. our 2019 base year, signifying an achievement of 35% of our total 65% emissions reduction target. This reduction is mainly the result of investment in renewable energy through the purchase of renewable energy certificates and green utility tariffs in Virginia and Maine, some impacts on operations as a result of COVID-19 and various fleet fuel efficiency initiatives. Emissions intensity impacts are summarized below:

SCOPE	SOURCE	FY19 tCO2e	FY20 tCO2e	FY21 tCO2e	CHANGE FY21 VS FY19
SCOPE 1	FUEL IN FACILITIES	1,820	1,430	1,488	-18%
SCOPE 1	FLEET	9,883	8,933	8,096	-18%
SCOPE 2	ELECTRICITY*	16,178	12,816	11,953	-26%
	TOTAL	27,882	23,178	21,537	-23%

*Emissions from electricity consumption reflect market-based scope 2 emissions.

	FY19	FY20	FY21	CHANGE FY21 VS FY19
REVENUES (millions CAD)	2,444	2,479	2,604	7%
TOTAL EMISSIONS (Scope 1 and 2 tCO2e)	27,882	23,178	21,537	-23%
EMISSIONS INTENSITY (Scope 1 and 2 tCO2e/ million \$ revenues)	11.41	9.35	8.27	-28%



OUR CLIMATE ACTION STRATEGY

A Reducing emissions from our own operations (continued)

Key levers to reduce our operational emissions

Our strategy to reduce emissions from our operations focuses on the following key levers:

- Fleet fuel efficiency
- Fleet electrification
- Energy efficiency in our buildings and across our network
- Investment in renewable energy



FLEET FUEL EFFICIENCY

With 38% of our operational emissions resulting from the consumption of fuel by our vehicle fleet, implementing initiatives to improve fleet fuel efficiency is key to achieving our science-based emissions reduction target. This includes leveraging our GPS/telematics systems to optimize technician routes, as well as to monitor and control idling and speeding. It also includes installing auxiliary batteries and Jobsite Energy Management Systems (JEMS) in all vehicles for technicians to prevent running engines on job sites by providing electrical power for added equipment such as beacon lights, light arrows, aerial buckets and power converters. Where possible, we are working to downsize to smaller vehicles as well as reduce the size of our vehicle fleet. In addition, the implementation of self-swap and self-installation initiatives for our customers' equipment will further enable us to reduce fleet emissions by reducing the number of truck rolls to customer homes.

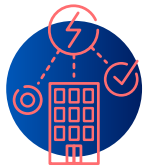


FLEET ELECTRIFICATION

We have begun the development of a detailed strategy to electrify our vehicle fleet, which will not only reduce our emissions footprint, but, over the longer term, reduce operating expenses through reduced fuel and maintenance costs. As a first step, Cogeco's policy is to purchase a hybrid or full electric option for any smaller vehicle additions. The next steps in the development of the fleet electrification strategy include conducting an in-depth review of the current mix of vehicle types in our fleet inventory, followed by the identification of which types would be required going forward. Discussions are being held on an ongoing basis with our vehicle fleet suppliers to determine plans and timing for the launch of electric options by type of vehicle. In addition, a Fleet Electrification Coordination Committee was implemented in fiscal 2021 (including representatives from key stakeholder groups such as Fleet Management, Procurement, Facilities, Government Relations and Corporate Social Responsibility) to monitor progress and discuss challenges and/or new developments.

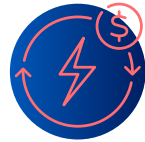
OUR CLIMATE ACTION STRATEGY

A Reducing emissions from our own operations (continued)



ENERGY EFFICIENCY IN OUR BUILDINGS AND ACROSS OUR NETWORK

55% of our operational emissions result from the consumption of electricity by our facilities and network. Our initial energy management strategy is focused on energy efficiency measures, including: the installation of centrally controlled thermostats with updated temperature control settings, heating, ventilation and air conditioning (“HVAC”) replacements, new airflow containment design and LED lighting retrofits. To help us gain better insight into where to focus the next stages of our strategy, we are currently investigating options to implement a system-wide energy management system (EMS) that will provide us with detailed tracking of energy consumption by facility and location. We are also evaluating the option of conducting energy audits at key facilities to further help identify opportunities to reduce energy consumption.



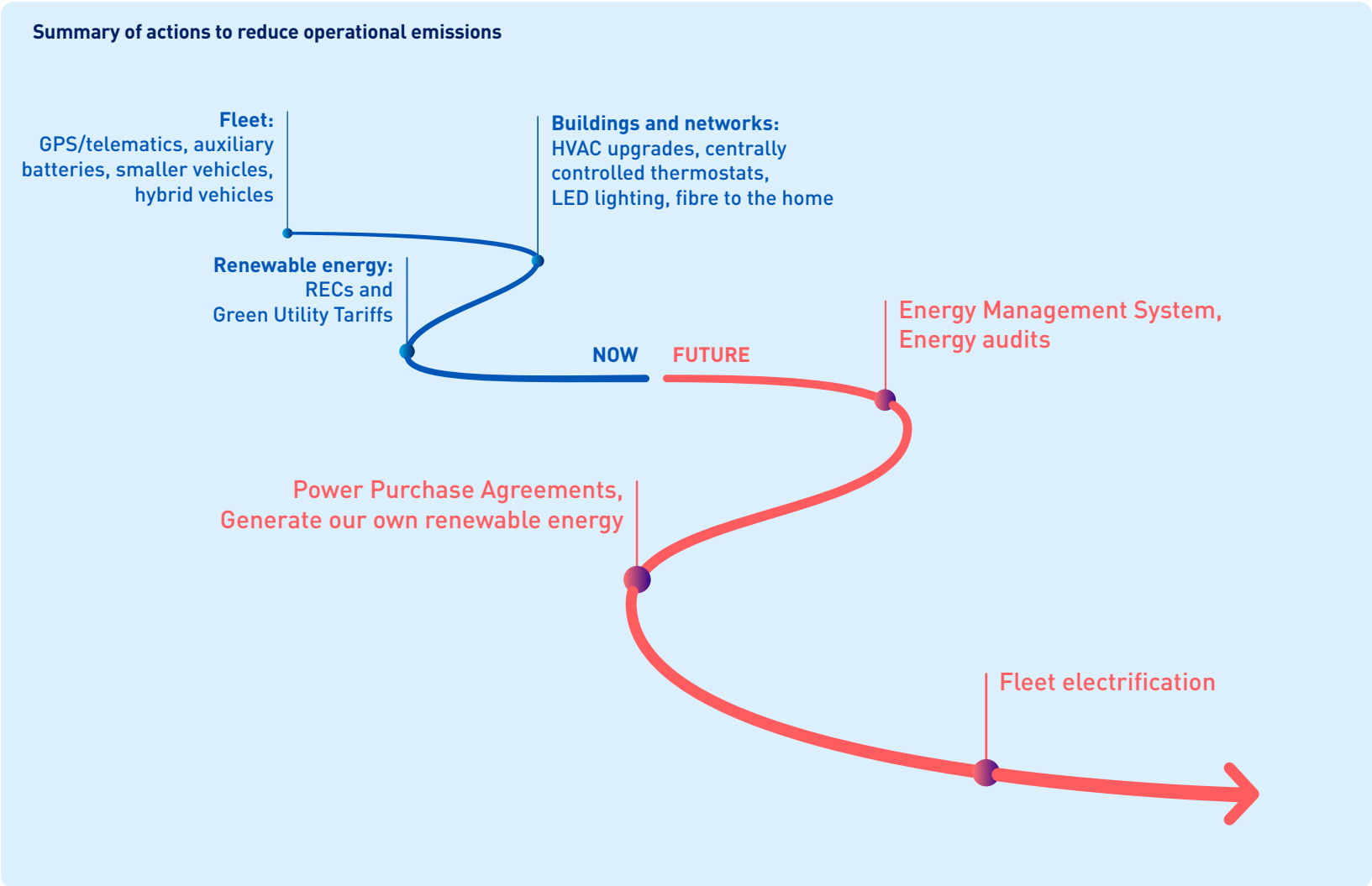
INVESTMENT IN RENEWABLE ENERGY

Investment in renewable energy will be key to the achievement of our science-based emissions reduction target. Per the Science Based Targets initiative (SBTi) guidance for the Information and Communication Technology (ICT) sector, “The switch to renewable and low-carbon electricity is expected to account for the bulk of reductions over this period (2020-2030), alongside efforts by operators to become more energy efficient”. In fiscal 2021, we continued to invest in renewable energy through the purchase of Renewable Energy Certificates (RECs) and conversion to green utility tariffs. Our medium- to long-term strategy is to invest in Power Purchase Agreements to ensure additionality of renewable energy investments, with the possibility of generating our own renewable energy at some locations if feasible.



OUR CLIMATE ACTION STRATEGY

A Reducing emissions from our own operations (continued)



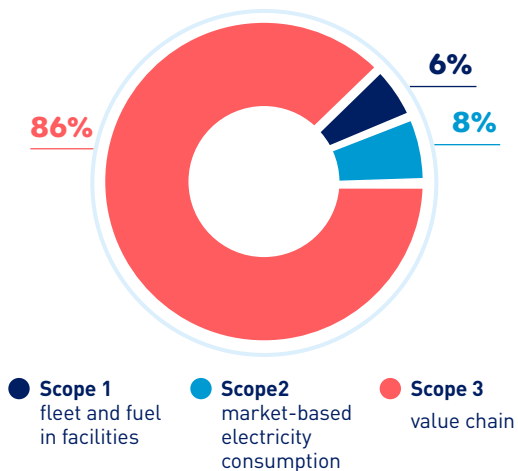
OUR CLIMATE ACTION STRATEGY

B Reducing emissions from our value chain

Our value chain emissions

Upstream emissions from our suppliers and downstream emissions from our customers represent 86% of our overall carbon footprint. We have therefore included ambitious targets to help reduce our value chain emissions as part of our science-based emissions reduction targets over the medium term to 2030, and have extended this target to include a goal to reach net zero emissions across scopes 1, 2 and 3 by 2050.

FY21 Scope 1, 2 & 3 GHG emissions (tCO2e)



Our targets and progress

Cogeco’s targets related to key scope 3 category emissions (covering more than 67% of our scope 3 emissions) were also set in 2020 as part of our science-based emissions reduction targets and are as follows:

Cogeco commits that 50% of suppliers by spend covering purchased goods & services and capital goods will set science-based scope 1 & 2 emissions reduction targets by 2025.

In addition, we will reduce emissions from the use of sold products and employee commuting by 30% by 2030 from 2019 levels.



OUR CLIMATE ACTION STRATEGY

B Reducing emissions from our value chain (continued)

The table below summarizes our progress towards reducing emissions along our value chain:

FY21 Scope 3 GHG emissions (tCO2e)

SCOPE 3 CATEGORY	FY19 tCO2e	FY20 tCO2e	FY21 tCO2e	CHANGE FY21 VS FY19
PURCHASED GOODS & SERVICES AND CAPITAL GOODS	155,746	93,717	100,175	-36%
USE OF SOLD PRODUCTS	20,666	19,964	19,169	-7%
EMPLOYEE COMMUTING	5,753	5,029	937	-84%
UPSTREAM AND DOWNSTREAM TRANSPORTATION AND DISTRIBUTION, FUEL AND ENERGY RELATED ACTIVITIES, BUSINESS TRAVEL, END-OF-LIFE TREATMENT OF UNSOLD PRODUCTS	8,393	12,737	12,190	45%
TOTAL	190,558	131,447	132,471	-30%

Some reductions are partly due to the use of more accurate methods of calculation, namely for the purchased goods & services and capital goods categories. For these categories, we are currently using a spend-based methodology to estimate emissions. In fiscal 2020 and fiscal 2021, we leveraged the U.S. Environmental Protection Agency (EPA) Supply Chain Emission Factors data set which included more recent economic data and more granular industry and commodity groupings than the tool used to estimate emissions in these categories in fiscal 2019 (the Quantis Scope 3 Evaluator tool), which contributed to the drops

in emissions in these categories. Increases in the remaining scope 3 categories (excluding use of sold products and employee commuting) vs. 2019 were primarily due to increases in the downstream use of couriers and postal services to deliver equipment to customers as part of our self-installation and self-swap programs (amplified by COVID-19 impacts, where we further leveraged these programs to ensure customer and technician safety), as well as to the use of more accurate methods of calculation for upstream transportation and fuel- and energy-related emissions.

For our supplier engagement target, at the end of fiscal 2021, 22% of our procurement spend was with suppliers that have set or have committed to set science-based emissions reduction targets (up from 13% in the fiscal 2019 base year).

The main source of emissions from the use of sold products comes from equipment in customer homes used to access our Internet, video and telephony services. In fiscal 2021, Cogeco achieved an emissions reduction of approximately 7% related to the use of our products vs. our 2019 base year, signifying an achievement of 23% of our total 30% emissions reduction target. This reduction was mainly the result of the switch to more energy-efficient equipment in customer homes as older models of set-top boxes were replaced with newer, more energy-efficient models, as well as the launch of our new Internet television service (IPTV) in Canada.

For employee commuting, in fiscal 2021 Cogeco achieved an emissions reduction of approximately 84% vs. our 2019 base year, surpassing our target of 30% emissions reduction by 2030. Emissions related to employee commuting dropped significantly in fiscal 2021 due to the implementation of Cogeco's work-from-home policy to ensure the health and safety of employees during the global pandemic.

OUR CLIMATE ACTION STRATEGY

B Reducing emissions from our value chain (continued)

Key levers to reduce our value chain emissions

SUPPLIER ENGAGEMENT

Engaging with our suppliers to set ambitious emissions reduction targets as well as to identify opportunities to collaborate in reducing emissions is an important piece of our overall emissions reduction strategy. We started the engagement process in April 2021 with a joint letter sent to top suppliers by our VP Procurement and our VP Enterprise Strategy and Social Responsibility, explaining our commitment and encouraging them to make similar commitments. We also updated our Supplier Code of Conduct to include new expectations around measuring, managing and reducing environmental impacts and setting targets. Next steps include incorporating emissions reduction targets in discussions between buyers and suppliers as well as in Supplier Relationship Management meetings, and setting up meetings between our corporate social responsibility team and corresponding representatives from our supplier organizations to develop ideas on collaboration opportunities.

ENERGY EFFICIENCY OF OUR PRODUCTS AND SERVICES

Ensuring increasing energy efficiency of the equipment used by our customers to access our services (set-top boxes, modems, etc.) is one component of our strategy to reduce downstream emissions. To help ensure the energy efficiency of our products, Cogeco is a signatory of the Canadian Pay-TV Set-top Box Energy Efficiency Voluntary Agreement (STB CEEVA) and aims to comply with the corresponding U.S. voluntary agreement, both agreements establishing feature-based maximum energy consumption allowance levels for new set-top boxes received by Pay-TV cable service providers. The weighted average energy consumption for new set-top boxes in Canada in 2020 declined by 55% since the inception of the agreement in 2017. In the U.S., national set-top box energy consumption declined by 52% in 2020 vs. the inception of that agreement in 2012. In addition, at the end of fiscal 2020, Cogeco officially started the gradual rollout of its Internet television service (IPTV) in Canada. The IPTV set-top box is approximately 40% more energy efficient than non-IPTV set-top boxes and is compliant with both the Canadian and United States set-top box energy efficiency voluntary agreements. The rollout of IPTV in the U.S. is expected to begin in fiscal 2022. Finally, our network expansion projects will leverage the latest technology using Fibre to the Home (FTTH), which is more energy efficient.

EMPLOYEE ENGAGEMENT

Through our Corporate Social Responsibility Steering Committee, we engage business unit leaders and department heads to increase awareness of key social responsibility initiatives, including emissions reduction activities. The CSR team leverages these meetings, held quarterly, to present progress on ongoing initiatives, as well as to present new initiatives and obtain initial approval for any investment required (such as investment in renewable energy and fleet electrification). We also work to strongly encourage employee participation in emissions reductions activities to foster collaboration and increase results from these initiatives. For example, the idle time of technicians is monitored and targets are established to encourage emissions reductions pertaining to our vehicle fleet. Results are tracked, monitored, reinforced, and celebrated with the drivers. We also issue communications and initiate awareness campaigns on CSR topics, including the importance of reducing our environmental footprint and reducing GHG emissions. In addition, we established a Fleet Electrification Coordination Committee involving employees from key stakeholder groups to ensure a smooth transition as we move to electrify as much of our vehicle fleet as possible over the next several years. Finally, Cogeco held its first Cogeco Community Involvement Day in the fall, in which trees were planted by our employees in our largest areas of operations in Canada and the U.S.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities

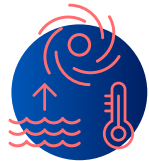
Cogeco recognizes the importance of assessing and acting on climate-related risks and opportunities to ensure long-term corporate sustainability and resilience. As such, we consider minimizing climate-related risks and maximizing climate-related opportunities as key to the success of our Climate Action Plan. Furthermore, we feel the best way to report on our strategy in this area is through disclosures in line with the TCFD recommendations. Thus, this section of our plan (along with the metrics and targets disclosed in the previous two sections) incorporates the TCFD recommendations.

Climate-related risks and opportunities we have identified over the short, medium, and long term

Key climate-related risks and opportunities that could have a material impact on the company over the short, medium and long term are identified during Cogeco’s annual corporate risks identification and assessment exercise, which is fully integrated with the annual strategic planning process. These risks and opportunities are summarized below.

Climate-related risks

Physical risks



Chronic

Longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves could impact Cogeco’s operations, resulting in increased operating costs to repair damages to infrastructure or unexpected capital expenses to relocate facilities at risk. Sea level rise has already impacted Cogeco’s operations and costs, as the events of Hurricane Dorian at the end of fiscal 2019 accelerated the move of the Miami head end so that it could withstand natural disasters.



Acute

Acute physical climate change risks resulting from the increased severity of extreme weather events, such as cyclones, hurricanes or floods, could affect our networks, and therefore, the operations of the business. These impacts are being felt now, in the short term, as some Cogeco facilities are located in areas where such extreme weather events could occur (for example, Florida and South Carolina in the U.S.). These meteorological phenomena could heavily impact and damage facilities or the network, impacting our ability to serve customers and increasing Cogeco’s network maintenance and repair costs.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

Climate-related risks and opportunities we have identified over the short, medium, and long term (continued)

Climate-related risks

Transition risks



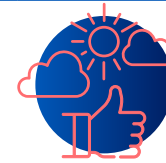
Technology and Market

As a telecommunications company, integrating the latest technology in our product and service offerings is key to remaining competitive in the marketplace. Climate awareness and the demand for low-carbon products is an important trend in the market that could impact our revenues. If we fall behind our competitors in terms of energy-efficient technology and low-carbon product offerings, we could lose market share, resulting in decreased revenues over the short and medium term.



Policy

Policy actions around climate change could impact Cogeco over the short, medium and long term. For example, carbon pricing is already impacting Cogeco by increasing fuel and energy costs for our vehicle fleet and facilities. These impacts will likely increase over the medium and long term as governments continue to implement stricter and higher carbon pricing regulations. In addition, as governments seek to achieve emissions reductions goals in line with the Paris Agreement, there is the risk of mandatory imposition of energy efficiency standards on products, including on the equipment we provide to customers to access our services, such as set-top boxes and modems. This could result in increased operating costs should we be required to convert all of our equipment to meet regulatory standards.



Reputation

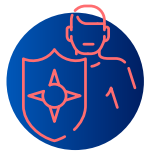
A lack of disclosure of climate-related information from increasing stakeholder requests, including investors and external ESG raters such as MSCI and Sustainalytics, could pose risks to our company's brand and reputation in the financial community. This could affect our ability to raise new debt or refinance existing debt. In addition, there is the risk of losing customers due to reputational damage should we not continue delivering strong sustainability performance and/or fail to progress on our climate resilience journey, which could result in decreased revenues over time.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

Climate-related risks and opportunities we have identified over the short, medium, and long term (continued)

Climate-related opportunities



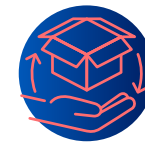
Resilience

As climate-related risks increase, the company needs to be better prepared to face extreme weather events and to adapt, in order to be able to operate under challenging conditions caused by climate change. Taking actions to preempt projected climate-related risks, for example the move of our Miami head end to an inland location as described above, presents Cogeco with opportunities to increase our network resilience and avoid high repair costs in the future.



Resource Efficiency

Improving efficiency across our operations and reducing energy consumption not only helps to support our emissions reduction goals but also provides us with an opportunity to reduce operating costs over the medium to long term. For example, we expect our strategy to reduce emissions from fleet fuel consumption through fleet electrification to result in significant fuel and vehicle maintenance cost savings.



Products & Services

The development of new, low-emission products and services could result in increased revenues in line with shifting consumer preferences. For example, in the short and medium term, Cogeco is rolling out a strategy to provide customers with more equipment self-installation and self-swap tools. These products are more convenient for customers and reduce the need for technician visits, resulting in reduced fuel consumption and GHG emissions, as well as reduced operating costs. In addition, as the trend to work remotely accelerates, ensuring that we continue to deliver and enhance our fast and reliable Internet services will help to reduce carbon emissions from commuting while allowing us to grow our revenues by solidifying our competitive position in the marketplace.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

Impacts of climate-related risks and opportunities on business, strategy and financial planning

We integrate the results of our assessment of key climate-related risks and opportunities into both our business strategy and our financial planning, implementing initiatives that support our transition to a low-carbon economy and protect our assets from the impacts of climate change, while also ensuring to budget funds to cover projected operating costs and/or capital projects as required.

Business & strategy

PRODUCTS & SERVICES

The risks of potential regulation of the energy efficiency of our products, falling behind our competitors in terms of low-carbon technology and services, and potential reputational damage should we not continue to follow best sustainability practices, combined with the opportunity to grow revenues by offering low-emission products, have influenced our strategy related to products and services. As described above under [Key levers to reduce our value chain emissions](#), in the short and medium term, we are implementing various initiatives to support reducing the carbon footprint of our services. The initial focus of our strategy is on the energy efficiency of the equipment we provide to customers and on the deployment of the latest technology as we expand our network.

SUPPLY CHAIN AND/OR VALUE CHAIN

Climate-related risks and opportunities have also influenced our supply chain strategy. Specifically, to minimize risks over the long term, suppliers that are deemed critical by Cogeco's

procurement team are required to provide evidence of business continuity, disaster recovery and crisis management readiness. This is closely linked to ensuring resilience to climate-related events. Furthermore, any projects involving these critical suppliers include the requirement to have their Business Resilience programs assessed by the Senior Manager, Business Resilience. In addition, with the objective of selecting more responsible suppliers over the short and medium term, Cogeco is implementing a procurement checklist as part of the Request for Proposal process which includes CSR criteria and requires potential suppliers to provide information on GHG emissions reduction initiatives and whether they report to the CDP. Responses to these questions are scored and considered in the overall result of the supplier selection process. On the opportunity side, Cogeco's science-based target includes the following supplier engagement target: 50% of our suppliers by spend covering purchased goods and services and capital goods will set science-based scope 1 and 2 emissions reduction targets by 2025. This requires us to work closely with suppliers in order to incite them to also set science-based targets and to guide them in the process as needed. This provides us with the opportunity to

drive low-carbon innovation by our suppliers (e.g., supporting the development of electric options for commercial vehicle fleets), which not only could help reduce our supply chain emissions but could also help reduce our direct operational emissions and lower fuel and maintenance costs over the long term.

ADAPTATION AND MITIGATION ACTIVITIES

We continue to evolve our business strategy to incorporate climate change adaptation and mitigation activities. This includes enhancing our operations to align with a low-carbon future by implementing initiatives to reduce our direct and indirect emissions (electrifying our vehicle fleet, investing in renewable energy, and various energy efficiency initiatives). It also includes investing in network resilience and developing new product and service offerings as described above to ensure the long-term sustainability of the company.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

INVESTMENT IN RESEARCH AND DEVELOPMENT

Climate-related risks and opportunities have influenced our investment in research and development in support of our long-term strategy to electrify our vehicle fleet. For example, we engaged with XLFleet at the end of fiscal 2019 to explore the feasibility of testing their hybrid and plug-in electrification systems in our T-150 service vans and we purchased two of these systems and started testing them in fiscal 2020. Testing is ongoing, with results to be evaluated in fiscal 2022. In early fiscal 2020, Cogeco engaged with the Innovative Vehicle Institute in Quebec to participate in a research study testing the benefits of electric plug-in vehicles. The testing took place in September 2019, with Cogeco Media as one of 30 participating companies in Quebec. While funding for the testing was provided by the Quebec government, Cogeco invested employee time and resources to support the project. Results from this test have been used to drive awareness of Cogeco employees and executives of the benefits of electrifying our vehicle fleet. In addition, later in fiscal 2020, our Chief Financial Officer sent letters directly to our key vehicle suppliers voicing our support for increased efforts to develop more energy efficient commercial vehicles and expressed our interest in participating in field trials of low-emission models.

To help increase the energy efficiency of the services and products we provide to customers

over the medium and long term, we also support CableLabs, a non-profit research and development consortium that is dedicated to creating innovative ideas that significantly impact its cable operator members' business, with Mr. Louis Audet serving as the Executive Chairman of the Board.

OPERATIONS

We consider climate-related risks and opportunities in our operations strategy. Specifically:

1) Physical climate risks can have an impact on Cogeco's network operations and our ability to deliver services to our customers. We consider the impacts of these risks in the short, medium and long term as part of our Disaster Recovery and Business Continuity strategies. In addition, as described above, sea level rise has already impacted Cogeco's operations and costs in Miami. In the short and medium term, we will continue to take steps to minimize these impacts, with plans already underway to relocate our Miami office, which is also at risk of sea level rise and extreme weather events.

2) Fleet fuel efficiency and electrification: As outlined above under Key levers to reduce our operational emissions, our operational strategy includes various fleet fuel efficiency initiatives, along with a plan to electrify our vehicle fleet.

These strategies will help minimize climate-related transition risks as we reduce and move away from the use of fossil fuels, while providing opportunities to reduce operating costs.

Financial planning

INDIRECT OPERATING COSTS

As part of our financial planning process, covering potential costs over the short term through annual budgets, as well as over the medium term, we consider the potential impact of climate-related events on our operating costs. In fiscal 2021, we specifically considered network maintenance costs to upgrade or replace network equipment and infrastructure to maximize system reliability and resiliency to extreme weather events. Budgets are allocated to cover these costs, including replacement of batteries in our power supplies that allows us to continue to provide service to our customers during power outages, as well as costs for repairing damage to our fibre cable network. In addition, we consider the impacts of carbon pricing on the fuel costs of our vehicle fleet. In fiscal 2021, we continued to be impacted by increasing fuel and energy costs as a result of carbon taxes and the cap-and-trade scheme in Quebec. Budgets are allocated to cover increased fuel costs, and to cover costs related to measures such as hedging for energy costs and telematics systems to optimize fuel consumption. Finally, we

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

consider costs related to maintaining our voluntary energy efficiency voluntary agreement (i.e., CEEVA agreement) and purchasing new Customer Premise Equipment (CPE), such as set-top boxes, that meets the energy efficiency requirements of the agreement.

CAPITAL EXPENDITURES & CAPITAL ALLOCATION

We consider climate-related risks and opportunities when allocating capital and planning capital expenditures. On the opportunity side, we invest in energy efficiency projects that can reduce emissions as well as operating costs. For example, every year a certain amount of capital is allocated for fleet replacement to acquire more efficient vehicles as part of each business unit's budget. Since fiscal 2020, the capital committee has been working with the Procurement department to ensure that all vehicles that are bought are the most environmentally friendly option that Cogeco can purchase given certain technical and budget restrictions. We also invest in energy efficiency projects to reduce energy consumption and emissions from our buildings, such as LED lighting retrofits at different locations and HVAC replacement at certain sites.

On both the risk and opportunity sides, we invest in strengthening network resilience over the longer term and preparedness to face extreme weather events, including, as mentioned above,

investment to relocate facilities in Miami in response to the threat of sea level rise.

Capital allocation and expenditure planning are generally done over the short term (annual) and medium term, with consideration of long-term goals integrated wherever possible.

Climate scenario analysis

We have begun to integrate climate scenario analysis into the assessment of the resilience of our business strategy through the development of our science-based emissions reduction target. This analysis, aligned with a 1.5°C scenario, forms the basis for ensuring that we do our part to adapt our operations to limit the worst impacts of climate change.

Our science-based emissions reduction target was developed following the SBTi's Sectoral Decarbonization Approach (SDA) for the ICT sector, in alignment with the emissions reduction pathway prescribed for the Fixed Networks Operators sub-sector. The SDA model's sub-sector trajectories to 2030 are consistent with a climate scenario limiting global warming to 1.5°C.

In the development of our emissions reduction target, our 1.5°C climate scenario analysis considered scope 1 and scope 2 GHG emissions related to all aspects of our business, including networks, facilities, and our vehicle fleet.

The climate scenario analysis was conducted using an 11-year time horizon from 2019 to 2030. Given the rapidly evolving nature of the ICT sector, this time horizon was selected as a starting point to achieve deep emissions reductions, with a strategy for our longer-term net-zero target to be developed in the near future.

The results of our analysis enabled us to set a 1.5°C-aligned emissions reduction target of 65% for scope 1 & 2 emissions by 2030 based on 2019 levels. To achieve our target, we recognize that we will need to adapt our business objectives and strategy to support a low-carbon future. As such, the target forms the basis of our low-carbon transition plan and strategy to accelerate emission reductions through conversion to renewable energy sources for our facilities and networks, electrification of our vehicle fleet and continued investment in energy efficiency initiatives.

In the upcoming year, we will be conducting a more detailed analysis, taking into consideration different climate-related scenarios, including a 2°C or lower scenario, in order to identify the potential financial and operational impacts from relevant climate-related risks and opportunities. This will further enhance our resilience to climate-related risks and influence our strategic planning.

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

Risk management

PROCESS FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Cogeco's formal enterprise-wide risk management (ERM) program is structured and governed based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM integrated framework. It entails a systematic annual identification and evaluation of risks facing the Corporation in the context of its global business and affairs that are liable to have a material adverse impact on the Corporation's financial situation, revenue or activities as well as the identification and monitoring of related risk mitigation strategies for risks classified as top business risks. The identification and annual update of the risk universe is done through research, using surveys and industry trends and risk material by reliable agencies, such as the Global Risk Report from the World Economic Forum (WEF). A risk profile update is also presented to the ERM Steering Committee every quarter in order to review current principal business risks as well as identify any new or emerging risks and validate the adequacy of mitigation measures.

The annual Executive Risk Workshop, which is fully integrated into the annual strategic planning process, is facilitated by the ERM group.

During the workshop, top business risks are identified and assessed by the executive team from all business units and the CEO. This exercise covers risks under several categories, i.e., strategic, operational, financial, compliance, and environmental, social and governance (ESG), and takes into consideration both short and longer-term existing and emerging risks, as deemed relevant. Climate change risk is specifically covered and considered and is defined as a disruption of business operations and financial performance due to climate change (e.g., increasing water levels, increasing heat waves, etc.) resulting in lost revenues, extraordinary expenses (repairs, claims), depletion of asset values and unexpected capital expenditures. Cogeco uses the following criteria to determine if a risk is substantive or not:

- Financial impact
- Impact on customers
- Impact on employees
- Potential damage to reputation
- Impact in terms of regulatory compliance

During fiscal 2021, climate-related risks and opportunities were evaluated during Cogeco's annual corporate risks identification and assessment exercise. In addition, climate-related risks and opportunities are evaluated on an ongoing basis throughout the year and presented formally to the ERM Steering Committee as well as the Corporate Social Responsibility (CSR)

Steering Committee and the Audit Committee of our Boards. Starting in December 2020, as part of the strategic planning process, we identified the top 5 ESG risks (including physical risks of climate change and energy consumption). In Q2 2021, we started reporting quarterly to the CSR and ERM Steering Committees on risk evolution, including the causes of and the mitigation measures for these top 5 enterprise-wide ESG risks.

PROCESS FOR MANAGING CLIMATE-RELATED RISKS

Risks and mitigation measures are presented to the Board and fully considered in the annual strategic planning exercise. They are monitored by the Audit Committee, on a quarterly basis, which oversees the implementation and management of appropriate risk mitigation measures. In addition, beginning in fiscal 2021, the ESG top risks evolution and mitigation measures (including those related to climate change) are specifically being reported to the Audit Committee on a quarterly basis. The business units manage risk through a Business Continuity Planning (BCP) program as well as through a Disaster Recovery policy and related procedures (DR Plan).

OUR CLIMATE ACTION STRATEGY

C Minimizing climate-related risks and maximizing climate-related opportunities (continued)

Examples of specific risk management measures for key climate-related risks are outlined below:



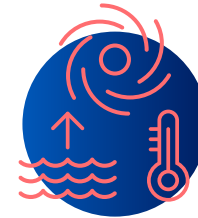
POLICY

To mitigate potential cost increases related to carbon pricing, we have put in place our fleet fuel efficiency and electrification strategies (described in detail under [Key levers to reduce operational emissions](#)), which will reduce exposure to operational cost increases by reducing our consumption of fossil fuels.



ACUTE PHYSICAL

To mitigate and minimize the impacts of the acute physical risks of climate change, we continuously maintain, upgrade or replace our network and infrastructure to maximize system reliability and resilience to extreme weather events. This includes the replacement of batteries in our power supplies that allow us to continue to provide service to our customers during power outages. This also includes additional precautionary measures taken to mitigate the impacts of extreme weather events. For example, we set up network redundancies (a process through which additional or alternate instances of network devices, equipment and communication mediums are installed within network infrastructure) in areas prone to outages.



CHRONIC PHYSICAL

To manage both acute and chronic physical risks, we have integrated risks from water and other natural disasters into our annual environmental assessment process. We have also begun the creation of a detailed facilities database including information on characteristics and systems of all facilities across our operations. This will allow us to more easily identify environmental risks that can impact the company's assets. Once risks are identified, depending on the magnitude of the potential impact, the appropriate strategy can be implemented to mitigate a particular risk.

OUR CLIMATE ACTION STRATEGY

D

Enabling the reduction of emissions by providing products and services that support the transition to a low-carbon economy

According to the “SMARTer 2030 ICT Solutions for 21st Century Challenges” report by GeSI and Accenture, the use of Information and Communication Technology (ICT) could result in the avoidance of emissions representing almost 10 times those generated by the ICT sector. ICT, including products from the telecommunications industry, can enable a 20% reduction in global carbon emissions by 2030, holding emissions at 2015 levels.

Cogeco helps bring people together through the broadband Internet, video and telephony services we provide, as well as through our radio stations serving a wide range of audiences mainly across the province of Quebec. Beyond that, our services are helping to transform the way that people live and work, contributing to the decarbonization of the global economy. For example, our video conferencing and e-commerce services are reducing business travel and commuting, and our new Internet-based TV (IPTV) service provides customers with entertainment options using devices that consume less energy than traditional cable set-top boxes. Continuing to grow and enhance our service and product offerings to drive positive change is therefore a key component of our Climate Action Plan.

Our strategy to provide products and services that enable emissions reductions focuses on the following key levers:

- Fast, reliable Internet services
- Digital inclusion
- Continually evolving and adding new products and services

FAST, RELIABLE INTERNET SERVICES

We continue to invest in our network to maintain best-in-class reliability and sustained performance. In 2019, Cogeco announced a commitment to invest \$1 billion over four years to improve and increase high-speed Internet connectivity in Canada. In terms of speed, Cogeco currently offers 1 Gig Internet, the fastest available, in close to 95% of our U.S. footprint and in 72% of our Canadian footprint, and we are working to extend coverage of the 1 Gbps Internet service in Canada.

DIGITAL INCLUSION

Leveraging connectivity to drive emissions reductions requires ensuring that everyone has access to fast and reliable Internet services. Year after year, Cogeco continues to grow its

footprint through network investments and targeted acquisitions in order to reduce the digital divide. Cogeco is active in government programs in both Canada and the U.S. to provide high-speed Internet to unserved and underserved regions. This currently includes building 75,000 connected homes across Quebec and Ontario over the next 3 years as well as reaching more than 1,200 homes and businesses in rural Virginia. All of these expansion projects will include fibre-to-the-home deployment, which not only provides the fastest Internet speeds, but is also much less energy consuming than previous technology.

CONTINUALLY EVOLVING AND ADDING NEW PRODUCTS AND SERVICES

We continue to enhance our service and product offerings to meet and exceed our customers' expectations for distinctive experiences while enabling the reduction of emissions, e.g., rollout of our Internet television service (IPTV). In addition, we are forging ahead with our plan to enter the Canadian mobile services market to further increase our service offerings and increase opportunities to explore the virtualization of higher emission activities.

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Our Climate Action
Strategy

**Governance of Climate-
Related Risks and
Opportunities**

GOVERNANCE OF CLIMATE- RELATED RISKS AND OPPORTUNITIES



GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

As described throughout this report, climate change is a material and strategic topic for our business and is therefore integrated into ongoing discussions and analysis at the most senior levels of management and the Board. The Board's role in overseeing climate-related issues, as well as management's role in assessing and managing these issues, are outlined below.

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Cogeco, Board-level oversight of climate-related issues, including risks and opportunities, falls under the purview of the Corporate Governance Committee (CGC). The CGC meets at least three times a year and provides updates to the Board after every meeting. The CGC receives regular updates on the Corporate Social Responsibility (CSR) program and related initiatives. Climate-related updates include GHG emissions, status updates regarding the attainment of GHG reduction targets, energy consumption, energy efficiency initiatives and the integration of CSR criteria, including GHG emissions management, into procurement practices. As applicable, the CGC provides guidance on climate-related issues.

Climate-related strategic guidance is provided by the CGC and implementation is overseen by the CSR Steering Committee. Action plans are implemented by Cogeco's CSR corporate team and business units. To reflect the increased importance of climate change and its impact

on business strategy, the Board of Directors will be receiving quarterly ESG updates starting in fiscal 2022.

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Cogeco, management-level oversight for assessing and managing climate-related risks and opportunities falls under the Corporate Social Responsibility (CSR) function. The CSR function is under the purview of the CSR Steering Committee that reports to the Corporate Governance Committee of the Board of Directors. The CSR function is held at a corporate level and is headed by the Vice President, Enterprise Strategy and Social Responsibility. This role reports to the Senior Vice President and Chief Public Affairs, Communications and Strategy Officer, who reports directly to the CEO.

The CSR Steering Committee is composed of the CEO, senior vice presidents and presidents of the business units of Cogeco as well as other executives. Specifically, key members of the committee, in addition to the CEO, include the company's Chief Public Affairs, Communications and Strategy Officer, Chief Legal Officer, Chief Technology Officer, Chief Human Resources Officer, Chief Financial Officer, Vice President of Procurement, Vice President and Treasurer, as well as the presidents of Cogeco's Canadian and U.S. operations. Within this group of executives

there is a representation of the different departments that are involved in corporate risk and opportunity identification, as well as the implementation of the CSR strategy, which includes climate change and related risks and opportunities. Responsibility for climate-related issues has been assigned to the CSR Steering Committee because the members of this committee have the highest understanding of the most important risks and opportunities for the company, and of environmental and social topics that can impact Cogeco. The Vice President, Enterprise Strategy and Social Responsibility is the head of the CSR team because of a thorough understanding of the risk environment related to Cogeco and how those risks can be mitigated. This role is also responsible for Enterprise Risk Management as well as Enterprise Strategy at Cogeco. This allows for an alignment of the strategy, risk and CSR functions.

Members of the CSR Steering Committee are responsible for identifying the top risks for Cogeco, including climate-related risks. They are also responsible for providing guidance regarding Cogeco's CSR initiatives (including climate change-related initiatives), selecting key performance indicators, setting goals to be achieved by the Corporation and monitoring the performance of the company in achieving these objectives. These performance indicators and objectives help monitor the Corporation's progress and performance from a CSR perspective. The CSR Steering Committee is

GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

also responsible for periodically reviewing the CSR Policy, which is ultimately approved by the Board of Directors. The CSR Policy clearly states that Cogeco is committed to “helping fight climate change by measuring, managing and reducing our emissions of pollutants and Greenhouse Gas (GHG) emissions”. When developing our science-based emissions reduction target, prior to submitting it for approval by the SBTi, the CSR Steering Committee reviewed and approved Cogeco’s proposed targets (scopes 1 & 2 and all scope 3 targets, including our supplier engagement target). Since then, at every meeting, the Committee closely monitors our progress and the strategies that need to be implemented to attain these ambitious targets.

The Vice President, Enterprise Strategy and Social Responsibility is responsible for conducting climate risk identification and mitigation exercises together with executives in order to develop mitigation and preparedness plans. This role is also responsible for the roll-out of corporate strategies and initiatives to promote the CSR principles and ultimately support the conduct of business in a socially responsible and ethical manner.

Business units are accountable for implementing the initiatives and strategies defined and approved by the CSR Steering Committee, including their business unit specific CSR action plans. In addition, initiatives that span across all business units are managed at the Corporate level

[e.g., Procurement plays a key role in the greening of our fleet]. The CSR team, under the Vice President, Enterprise Strategy and Social Responsibility, facilitates the integration of all CSR initiatives, including the GHG emissions calculation and reduction targets.



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