



Working Together to Build Better Communities

Tarion Sustainability Report

2025/2026

2025/2026 Sustainability

Our Vision & Mission

For 50 years, Tarion has served new home buyers and owners by ensuring that one of their life's biggest investments is protected. Our vision is that all new home buyers in Ontario have peace of mind that they are getting the home they were promised. Our mission is to give Ontario home buyers consumer protection and confidence that their new homes are properly built. We do this through fair issues resolution, education, and outreach. We want homeowners to receive excellent customer service and the best new home warranty program in Canada.

About

Tarion's Sustainability Plan for 2026

Sustainability matters at Tarion. The need for a sustainable business model has become increasingly evident. As the world evolves, it's crucial to help ensure Tarion and the guarantee fund are sustainable so we may continue to support consumers and help build confidence in the new home sector for another 50 years. We believe that organizations with sound, sustainable business practices are better positioned for long-term success.

Integrating meaningful economic, social and environmental considerations into our business practices and fostering a culture of sustainability is a priority at Tarion. We believe it's the right thing to do. Our 2026 Plan serves to formalize the commitments made by Tarion toward operating our business in a sustainable manner; It will also pave the way for Tarion to integrate further economic, social and environmental considerations into both business practices and strategic directions.

This plan's approach serves to ensure that the sustainability programs already in place and the new ones introduced are viable over the long term and that Tarion is able to fulfill its commitments to Ontarians in both economically stable and challenging times. Strong corporate governance is necessary to provide a solid foundation for sustainable leadership. To that end, this plan also details how governance and sustainability are intertwined.

Desired Outcomes

Goals and Progress

| | Goal | Status | Progress |
|--------------------------------------|---|----------------------------|---|
| Environmental Stewardship | Complete a waste audit, and set a waste diversion target. | Project will begin in 2026 | Tarion undertakes a number of measures to divert waste from landfills. During 2026, we will conduct a waste audit to look for opportunities for efficiency and improvements. |
| Socially Responsible Programs | All Tarion employees are paid a living wage | Achieved | During 2025, 100% of Tarion employees were paid a living wage. This target will continue to be in place during 2026. |
| | 90%+ favourable employee workplace inclusion score | In progress | 87% favourable employee score to the question "This organization supports an inclusive environment where individual differences are valued and respected." Workplace inclusion measures will continue in 2026. |
| Governance | 100% completion of ethical business conduct training | Achieved | 100% completion achieved during 2025. This target will continue to be in place during 2026. |

Priorities



Environmental Stewardship is an important consideration within our operations. Tarion aims to reduce operational environmental impacts through our facilities practices, and our work policies and practices.

Tarion's head office building has a robust environmental sustainability program. The property undergoes energy audits every five years to assess energy performance and identify improvement opportunities. As part of this process, there is a consistent investment in property and equipment upgrades aimed at increasing the operational efficiency of the building. During 2025, the property made a significant investment in upgrading to a more efficient boiler and heating system. Tarion's head office facility has received LEED Gold building certification and BOMA Best Platinum certification.

Performance:

We continue to take energy conservation measures in our office, and work with our property owner to support efforts towards decreased energy consumption. Tarion has established a 2023 baseline of energy consumption, and has been monitoring our progress in increasing sustainability in this area. As of the end of 2025, electricity consumption had been reduced by five per cent. This reduction was driven by mechanical upgrades in the building and initiatives to encourage employees to be conscious of their energy consumption.

Sustainability in Procurement:

The overall objective of the Tarion Procurement Policy is to ensure that goods and services required to meet Tarion needs are acquired in the most economic, environmentally friendly and efficient manner through a procurement process that conforms to the following principles:

- **Vendor Access, Transparency, and Fairness:** Access for qualified vendors to compete for Tarion business must be open and the procurement process must be conducted in a fair and transparent manner, avoiding conflicts of interest.
- **Value for Money:** Goods and services must be procured only after consideration of Tarion business requirements, alternatives, timing, and cost.
- **Responsible Management:** The procurement of goods and services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes and procedures.

Environmentally Friendly Purchasing Practices

- When procuring for goods and services, we consider environmentally friendly options to minimize the negative environmental impacts of Tarion’s activities.
- Environmentally preferable products and services mean products and services that have a lesser or reduced effect on human health and the environment such as those that reduce toxicity; conserve natural resources, materials, and energy; and maximize recyclability and recycled content.
- Through the procurement process, the procuring department/manager is encouraged to evaluate each requested product and service to determine the extent to which the specifications could include an environmentally preferable option, to look for opportunities to reduce waste, and to expand the awareness and use of environmentally preferable products to employees.

Spotlight on Employee Actions:

The Tarion Ecological Committee was formed in September 2009, to consider, evaluate and provide recommendations on issues affecting the environment. The committee is comprised of employees representing the Tarion workforce.

During 2025, the Ecological Committee organized community tree planting activities, a community cleanup day, and a recycling initiative at our head office





Socially Responsible Programs

Our mission is to give Ontario home buyers consumer protection and confidence that their new homes are properly built. Through our stakeholder, community, and employee programs, we aim to make Ontario a better place to live. Our employees have an important consumer protection role, and we work to ensure our workforce is engaged and enabled to do their best work every day. Tarion strives to foster an inclusive culture where every person can thrive, feel they belong and be empowered to reach their fullest potential.

External Stakeholders

Tarion's core purpose is consumer protection via enhancing fairness and confidence in the new home buying experience in Ontario. Tarion invests in education offerings for new homeowners, municipal partners, home inspectors, real estate professionals, builders, and other stakeholders to build understanding of roles and responsibilities with respect to new home warranties, and to build confidence in new home construction in Ontario.

Tarion waives enrollment fees for eligible homes that are built for a charitable purpose. During 2025, Tarion waived over \$34,000 in enrolment fees for charitable builders.



Employees

Having a skilled and engaged workforce that is empowered to deliver their best work is a cornerstone in our ability to deliver strong consumer protection. Tarion aims to provide a place where talented people can thrive and be good corporate citizens. We recognize the importance of fostering an environment that provides psychological safety for our employees and our stakeholders. As an organization, we believe that a strong commitment to diversity, equity and inclusion allows employees to perform at their very best and underpins a culture in which everyone feels they have an equal opportunity to belong and build a career.

Tarion is also committed to providing employees with a living wage. We believe that a living wage helps us attract and retain talent, increases productivity, and thereby promotes enhanced customer service and fulfilment of our mandate. A living wage is different than minimum wage. Living wage is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community. When we refer to a living wage, we are referring to the before-tax income that an adult would need to earn to cover food, shelter, clothing, education, communications, medical expenses, childcare, and personal care.

Performance:

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| <p>Living Wage</p> | <p>We conduct annual reviews to ensure that Tarion employees are paid at or above the living wage. 100% of Tarion’s employees are paid a living wage.</p> <p>We partner with post secondary institutions to provide internship opportunities. All internships are paid opportunities.</p> |
| <p>Inclusion</p> | <p>At Tarion, we focus on fostering an inclusive work environment where everyone has the opportunity to thrive, grow a career, and make meaningful contributions. We ask employees to share their perspectives on inclusion each year through an employee survey. During 2025, 87% of employees provided a favourable score to the question “This organization supports an inclusive environment where individual differences are valued and respected”.</p> <p>This score marks a slight decrease compared to 2024. Tarion will continue to take actions to ensure employees feel valued and included at work.</p> <p>We view diversity statistics as one of many ways to measure our success maintaining an inclusive work environment that is reflective of the communities in which we operate.</p> <p>The table below illustrates Tarion’s workforce and Board diversity between 2023-2025.</p> |

| Demographic Group | Employee Representation 2025 | Board Representation 2024/2025 | Employee Representation 2024 | Employee Representation 2023 | Representation in Canada |
|---------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------------|
| Persons with a disability | 3% | 9% | 3% | 3% | 19% |
| Indigenous Persons | 1% | N/A | 2% | 1% | 5% |
| Visible Minorities | 26% | 18% | 25% | 22% | 22% |
| LGBTQ2S+ | 2% | 9% | 2% | 2% | 4% |
| Male* | 41% | 58% | 42% | 43% | 49% |
| Female* | 59% | 42% | 58% | 57% | 51% |
| Non-Binary/ Other | <1% | N/A | <1% | <1% | N/A |

The table above reflects self-reported employee and Board of Directors demographic data. Employee gender data is an exception and was reported from our Human Resources Information System data. Participation in self reporting of personal demographic information is voluntary, and this data represents an 87% response rate for many demographic questions. It is worth noting that not all demographic questions reached this response level, so this data may be an incomplete representation of our full workforce.

Spotlight on Community Outreach:

Tarion aims to contribute to the communities it serves. We are committed to supporting volunteer activities that serve the communities in which we live and work. Our goal is to foster a spirit of volunteerism and to provide additional opportunities for employees to get involved in supporting causes that they feel are important.

Each year, we ask employees to nominate the charities that are important to them for support by Tarion Cares. Tarion Cares is a cross-departmental employee committee established to promote employee social responsibility. This committee aims to enhance engagement at Tarion, while connecting employees to social responsibility. They host fundraising events, sponsor employee community involvement, and provide a platform for employees to encourage participation with the charities that they support. During 2025, Tarion Cares raised over \$4,000 for charities including the Heart & Stroke Foundation, the Kids Help Phone, Ernestine's Women's Shelter, the Daily Bread Food Bank, and the Hurricane Melissa Appeal through the Canadian Red Cross.





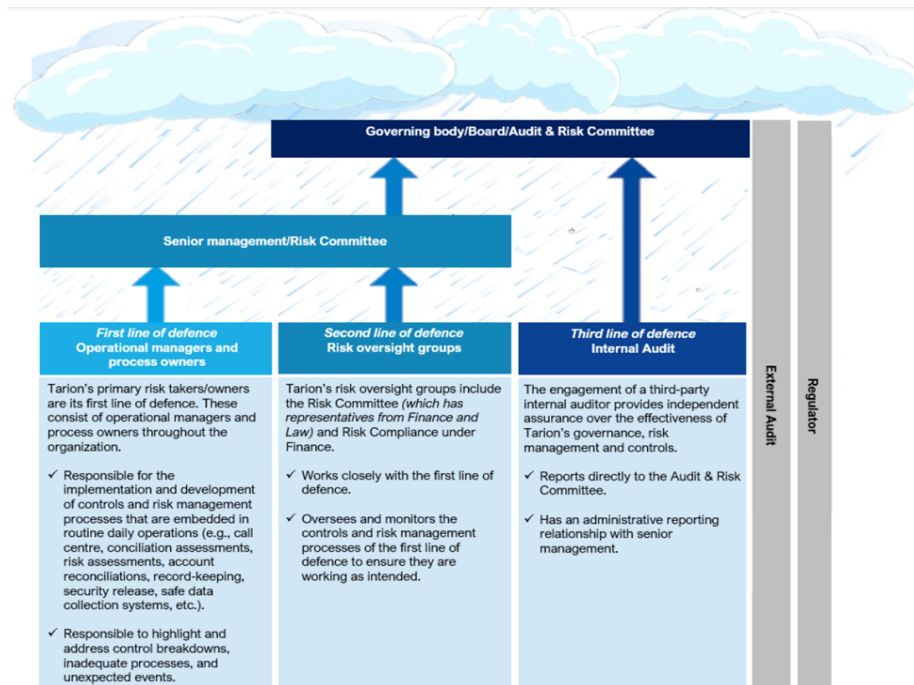
Tarion operates within a regulatory framework governed by legislation, by-laws and Minister's Orders. The Board of Directors is ultimately accountable for Tarion's actions and results through the setting of strategic direction and regulatory priorities, and through oversight of the Chief Executive Officer and other senior management in the competent and ethical operation of the organization.

Board of Directors

Our Board of Directors is a diverse and balanced group which represents key stakeholders including new home buyers, builders, and the financial community across Ontario. The board is responsible for promoting sound governance practices, conducting regulatory oversight, and taking a leading role in setting the strategic direction for Tarion.

Risk Management

Tarion has adopted the Three Lines of Defence Model to ensure consistent application of risk management by all staff in the execution of strategy, achievement of business objectives, and delivery of day-to-day operations.



As part of its risk management strategies, Tarion has comprehensive business continuity plans for its operations in the event of a disaster to ensure continuous delivery of its services to stakeholders.

Capital Management

The Investment Committee has oversight on the management of the Guarantee Fund assets. The assets are managed by the Investment Management Corporation of Ontario (IMCO), a corporation that manages the assets of Ontario's public-sector plans and other institutions in accordance with the Board approved strategic asset allocation.

To ensure the sustainability of the guarantee fund, although there are no external regulatory requirements imposed on the Corporation's capital, management has adopted a capital management framework modeled after the framework used in the property and casualty insurance industry in Canada. The framework is modified to reflect the Corporation's circumstances including its inability to raise capital in traditional ways and incorporates the business requirements for sufficient capital throughout the variations of the new home building cycle, including possible losses from a future catastrophic event.

It also reflects the relatively high-risk profile of the Corporation's warranty operations, including the high level of measurement uncertainty inherent in its insurance contract liabilities due to the long warranty period of up to seven years and to other factors. As part of the Corporation's capital management framework, reinsurance arrangement was put in place in 2016; the excess loss limits from the reinsurance arrangement were established after a review of large historic claim losses of other jurisdictions.

Promoting Responsible and Ethical Conduct

Tarion is committed to fair dealing and integrity in the conduct of its business. This commitment is based on a fundamental belief that business should be conducted honestly, fairly and in compliance with applicable laws. Tarion expects all employees to share its commitment to high standards. As part of this expectation, employees are required to attend training related to our standards for acceptable business conduct each year.

It is important that employees meet the highest standards of ethical behaviour and business conduct in the course of their employment at Tarion and contribute to a respectful and inclusive workplace. Employees are expected to exercise responsible judgment when applying the Code to their behaviours.

Tarion's Code of Conduct sets out these expectations for all employees. This Policy is evaluated, tested and audited annually, with the results of the foregoing evaluation and audit reported to the Board at the start of each fiscal year or when there is a material change in the leadership or composition of the Board or Senior Management at Tarion. Annual review and attestation of our Code is mandatory for all employees.

Employees can confidentially and anonymously raise concerns related to suspected or potential wrongdoing through our Whistleblower Program Portal. Operated independently by a third party, the portal enables employees to report concerns via the web or by phone. All concerns raised through the whistleblower program are investigated thoroughly and results are reported to the Board.

Environmental, Social and Governance (ESG) Principles for Investments in the Guarantee Fund

Tarion's Guarantee Fund investments are managed by the Investment Management Corporation of Ontario (IMCO), whose mandate is to deliver the long-term returns that Tarion requires to meet our financial obligations. At IMCO, sustainable investing is synonymous with responsible, long-term investing. They are committed to integrating sustainability across the investment lifecycle, from due diligence through portfolio monitoring and value creation. IMCO's Sustainability Beliefs underpin their approach:

1. Sustainability issues affect investment risks and returns. Considering these issues leads to insights and better decisions about risks and opportunities, which safeguards the long-term viability of the portfolio.
2. We view sustainability as a vector for innovation. Organizations that embrace robust sustainability practices are more likely to thrive in the changing business landscape.
3. As an active owner, we engage with stakeholders to promote improved practices, focusing on material factors and interventions with the greatest impact.
4. Sustainability introduces complexity as standards, regulations and preferences change rapidly. Our ability to adapt and mine the future on emerging sustainability trends and insights will be a competitive advantage.

IMCO's focus is on delivering the risk-adjusted investment returns that can help clients meet their long-term financial objectives. IMCO considers sustainability issues as a part of their management of risk and investment opportunities in a manner that is consistent with their fiduciary duty to clients.

Performance:

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| Ethical Business Conduct Training | All Tarion employees complete an agreement to abide by Tarion’s Code of Conduct. 100% of employees completed annual code of conduct and ethical business training and re-certification during 2025. |
| Sustainable Investing | As of year-end 2023, there has been a 44% reduction in carbon emissions intensity of the overall IMCO investment portfolio, compared to the 2019 baseline. |