



Department of Finance  
Canada

Ministère des Finances  
Canada

# 2025 Report on the Government of Canada's Climate-Related Financial Risk Management

Annual report on key measures undertaken by the federal public administration to manage its financial risks and opportunities related to climate change

Canada

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# Minister's Foreword

We are witnessing an undeniable—and historic—shift across the world economy toward clean technology and low-carbon energy. Global clean energy investments in 2024 climbed to more than \$2.8 trillion, nearly double the level of investment in fossil fuels. The world's clean technology market is expected to triple by 2035.

The Government of Canada is taking a proactive approach—and positioning the country to thrive in this evolving economic environment.

This past fall we launched the government's new Climate Competitiveness Strategy. It combines strengthened industrial carbon pricing, a streamlined regulatory environment, and aggressive tax incentives, including enhanced clean economy investment tax credits.

The Canadian Climate Institute estimates that climate disruption, if left unchecked, could cut median Canadian household income by nearly 20 per cent by the end of the century. It would disrupt many elements of the economy—from food supply chains to financial markets.

We are pleased to publish this report, the second in an annual series, on the important steps across the Government of Canada to not only manage climate change's financial risks—but showcase the many opportunities to improve government operations at the same time.

Within the report's pages, you will also see how government departments, agencies, and Crown corporations have made impressive strides embedding climate resilience into their operations—from risk identification to proactive adaptation.

I would like to thank the Honourable Julie Dabrusin, Minister of Environment, Climate Change and Nature for her co-operation that made the publication of this important report possible.

Our whole-of-government approach to climate action is strengthening our institutions and ensuring Canadians benefit in a major way from a net-zero future in which our businesses are well-positioned to compete and succeed in the global economy.

The Honourable François-Philippe Champagne

Minister of Finance and National Revenue

# Executive Summary

This report profiles key measures taken by the Canadian federal public administration to manage its financial risks and opportunities related to climate change. It is the second annual report prepared pursuant to section 23 of the *Canadian Net-Zero Emissions Accountability Act* and builds from the inaugural 2024 edition.

The departments, agencies and Crown corporations that make up the federal public administration are taking meaningful steps to address the financial effects to their operations from climate change and the related transition to a lower carbon economy. These measures are important practices for prudent financial management and safeguarding program delivery as climate-related uncertainty rises. They also enable the federal public administration to leverage emerging opportunities for more adaptive, efficient and resilient government services and institutions.

Given their scale and exposure, federal assets (such as buildings and equipment) are an important focus for the government's climate-related risk management. In addition to summarizing developments on federal measures since 2024, this year's report profiles in greater detail how federal departments and agencies (federal organisations) are managing climate-related financial risks and opportunities associated with their assets in order to deliver resilient and cost-effective government services.

Key findings from this profile on federal assets include:

- Most federal organisations are actively assessing how climate-related financial risks and opportunities may affect the infrastructure and other assets they own or operate, and the programs and services those assets support.
- Federal organisations are preparing for extreme weather events and ensuring their programs and services continue to be delivered in the face of increasing disruption.
- Federal organisations with ownership or administrative responsibility for property, infrastructure and other assets are implementing robust measures to enhance their resilience to the short- and long-term effects of climate change. They are also risk managing the related transition away from fossil fuels with cost-effective pathways to lower greenhouse gas emissions, and have reduced absolute Scope 1 and Scope 2 emissions by over 42% for real property and conventional fleets since 2005 levels.
- Federal organisations and Crown corporations are building on decades of federal risk management practices and continually monitoring and embedding information about climate-related financial risks and opportunities into decision-making while increasing public transparency.

## 1. Introduction

The global economy is undergoing an historic transformation towards low-carbon energy and clean technology, while at the same time, the Earth's climate continues to warm, resulting in more frequent and severe extreme weather and rapid changes to the environment and the places Canadians live and work. In the face of these changes, the Government of Canada is working to ensure the federal public administration continues to deliver programs and services efficiently and effectively.

This report summarizes key measures undertaken by the federal public administration to manage its financial risks and opportunities related to climate change, as required by the *Canadian Net-Zero Emissions Accountability Act*. This report profiles the ways the federal government's own operations – from policing to scientific research to delivering benefits – are being made more financially resilient and efficient in the face of uncertainty driven by climate change and global decarbonization trends.

This report does not assess climate-related risks and opportunities facing Canadians and the Canadian economy nor the public policies and programs undertaken by the federal government to help the economy decarbonize and adapt to a changing climate. These are the focus of other federal reports and strategies (e.g., [2030 Emissions Reduction Plan](#), [2025 Progress Report on the 2030 Emissions Reduction Plan](#), and [Canada's National Adaptation Strategy](#)). This report complements and profiles work taken by the federal government to meet the targets of the [Greening Government Strategy](#) and ensure operations have enhanced climate resilience by 2035 and are emitting net-zero greenhouse gas emissions (GHGs) by 2050.

This is the second report in an annual series. It builds on the foundation laid in the [inaugural 2024 report](#) and goes further in two ways:

- This report gives an update since the inaugural 2024 report. It describes changes to the risk outlook and developments of key risk management measures undertaken since last year by 52 federal departments and agencies in the Government of Canada, while also now summarizing measures undertaken by Crown corporations (Section 2).
- This report summarizes how departments and agencies are managing their assets (such as buildings and equipment) in light of climate-related financial risks and opportunities (Section 3).

## 2. Updates since 2024

### 2.1 Updates from federal departments and agencies

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The 2024 report represented a summary of survey information gathered from 52 federal departments and agencies (**federal organisations**) with greater than 500 employees about key climate-related financial risks and opportunities they faced over the 2023 to 2024 fiscal year and key measures they had taken to manage them. The summary of information highlighted:

- The **Greening Government Strategy** as the main federal strategy driving progress in climate resilience by embedding commitments and targets across the federal public administration.
- The drivers of **climate-related financial risks and opportunities**, which stem from a physically changing climate (such as federal organisations exposed to costs from more frequent and severe extreme weather<sup>1</sup>), as well as the transition to a lower carbon economy. These drivers can pose negative financial implications (risks) that need to be managed, as well as positive financial implications (opportunities) that may be leveraged (such as an investment that requires upfront capital costs but yields ongoing cost-savings from energy efficiency measures).
- The **risk transmission channels** through which a climate-related financial risk or opportunity could impact the financial position or operations of federal organisations (see Figure 1); and,
- **Key measures** taken by federal organisations as part of an integrated and continuous risk management process to identify, act on and integrate risk information into decision-making.

See *Annex A* for further definition of climate-related risk, transmission channels, and risk management.

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<sup>1</sup> As an important caveat, while these drivers contribute to heightened exposure to extreme weather and environmental impacts, the attribution of any individual event to climate change relies on specialized scientific analysis and cannot always be determined. For further details on recent extreme weather assessed to be attributed to human-caused climate change, see [extreme weather attribution](#) by Environment and Climate Change Canada.

**Figure 1: Climate-Related Risks and Opportunities with Financial Implications to the Federal Public Administration**

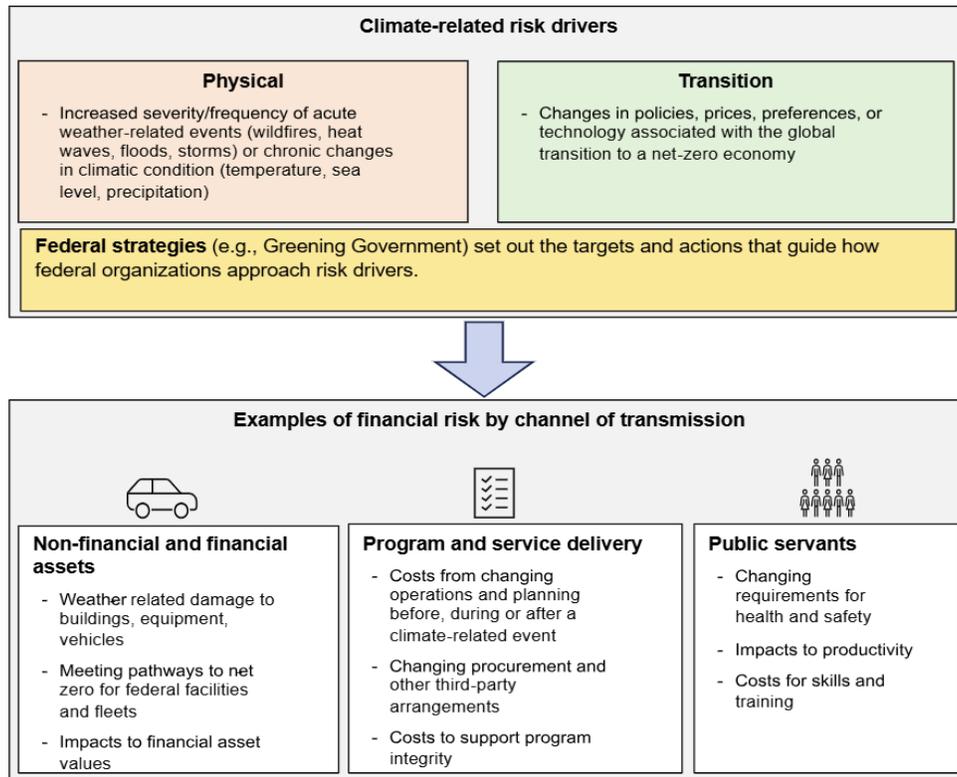


Figure 1 illustrates the financial impact of climate-related risks according to their effects on specific channels of a federal organisation. Sometimes multiple risk channels are engaged. For example, the increasing severity and frequency of wildfires can impact a department’s exposed assets through direct costs from fire damage, interrupt services to the public, and affect the productivity and occupational health and safety of federal workers exposed to wildfire smoke.

For further details, see the [2024 Report on the Government of Canada’s Climate-Related Financial Risk Management](#) Section 2, “Overview of Federal Climate-Related Financial Risks”.

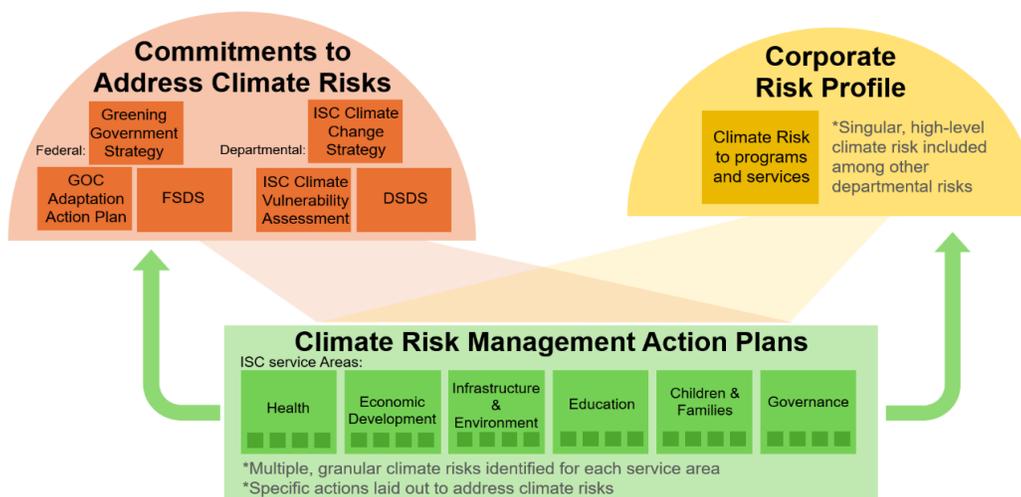
In response to Finance Canada’s 2025 survey (which followed a similar methodology as 2024, see *Annex A*), federal organisations reported climate-related financial risks and opportunities that were broadly consistent with last year’s findings. Some organisations noted that their stable mandates and operations mean exposures are likely to remain unchanged year-to-year, while a few updated their outlook where new or expanded assessments led to meaningful refinements to their risk profile.

Federal organisations also reported taking additional measures that reflect continued progress in strengthening how these risks or opportunities are being managed. While the focus of this year’s report is on risk management related to federal assets (as illustrated in the left-most channel in Figure 1), below are some of the broader types of actions departments are taking:

- Continuing to implement cost-effective pathways to net-zero. For example, National Defence reported on results under the [Defence Climate and Sustainability Strategy](#), including ongoing progress toward a 40 per cent reduction in their GHG emissions from the 2005 baseline and assessing 97 per cent of eligible bases and wings for procuring clean energy through [energy performance contracts](#).
- Supporting the resilience of federal staff with occupational health and safety measures and training specific to climate risk. For example, the Canada Energy Regulator reported its efforts to ensure its staff can work safely and effectively during field inspections amidst risk of wildfires. The Atlantic Canada Opportunities Agency delivered training for its procurement officers on integrating environmental and climate risk considerations in the agency’s procurement process.

- Integrating climate considerations into planning for climate-resilient program delivery. For example, Indigenous Services Canada reported developing climate risk management action plans for its programs and services that are vulnerable to climate change, aligned with [federal integrated risk management](#) best practices (Figure 2). Health Canada initiated work in support of 23 actions identified in its multi-year strategy to reduce its climate-related risks. The Office of the Superintendent of Financial Institutions reported on its use of climate scenarios to inform financial planning under the [actuarial report on the Pension Plan for the Public Service of Canada](#). Environment and Climate Change Canada reported on its work in the 2025 Cabinet Directive on Strategic Environmental and Economic Assessments to support federal organisations to increase their capacity to undertake climate analysis and address their own climate information needs.

**Figure 2: Climate Risk Management Action Plans at Indigenous Services Canada**



Since completing its Climate Change Vulnerability Assessment in 2021, Indigenous Services Canada (ISC) has developed a methodology for Climate Risk Management Action Plans (CRMAs) across service areas. These support a strategic approach to identifying climate vulnerabilities, assessing their real and potential impacts, and outlining actions to strengthen operations and financial management—all of which reinforce ISC’s efforts to deliver and transfer high quality services to Indigenous communities.

The CRMAs process supports departmental planning and decision-making through its integration with ISC’s Corporate Risk Profile, as follows:

- ISC’s Corporate Risk Profile (CRP) brings together all ISC Services Areas to identify the key risks to the achievement of departmental results in a given year. As an important input for decision making and resource allocation, the CRP enhances accountability, sharpens priorities, and ensures resources are directed to the highest impact areas.
- ISC’s 2025–26 CRP identified a key risk related to the sufficiency of current departmental policy and program design to address and keep pace with the impacts of climate change. Progress on mitigating this risk is monitored quarterly.
- Indigenous Services Canada has begun the development of CRMAs—which are planned for implementation across ISC Service Areas in economic development, infrastructure and environment, health, education, and child and family services.
- The CRMAs are designed to identify, assess, and outline mitigation measures for key departmental climate risks, showing how these risks affect departmental results and Indigenous community outcomes.
- Once implemented, the CRMAs will provide a strategic way forward for translating climate risks into actionable mitigation measures, which will help programs to deliver high-quality services, reduce financial exposure, and strengthen overall resilience.

*As reported by Indigenous Services Canada*

## 2.2 Updates from Crown corporations

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All federal Crown corporations (including those not part of the federal public administration such as the Bank of Canada and Canada Pension Plan Investment Board) report on work they are undertaking to manage climate-related financial risks and opportunities in a manner aligned to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) or similar standard (e.g., the International Financial Reporting Standards on Climate-related Disclosures). This year's report includes a summary of Crown corporations' most recent disclosures (generally either the 2024-25 fiscal year or the 2024 calendar year) to offer a more complete view of how federal agencies manage climate-related financial risks and opportunities.

Depending on their mandate and operations, Crown corporations reported in their public disclosure the climate-related risks and opportunities they faced and the ways they were managing them. For example,

- Crown corporations facing climate-related risks to their infrastructure, such as buildings (Canada Lands Company), rail lines (VIA Rail) and laboratory and waste management sites (Atomic Energy of Canada), reported the measures they are taking to manage them. For example, the Canada Lands Company has completed climate risk assessments of its properties and is progressing toward portfolio-wide adaptation planning and integrating climate considerations into project development. VIA Rail is leveraging its AI-powered EcoRail tool to reduce locomotive fuel consumption while Marine Atlantic is investing in energy-efficient vessels (such as the [Ala'suinu](#)). Finally, CBC/Radio-Canada is strengthening resiliency planning through scenario exercises simulating the effects of wildfires and hurricane on its broadcasting operations.
- Crown corporations exposed to climate-related risks through their financial assets or insurance, such as the Canada Mortgage and Housing Corporation and Public Sector Pension Investment Board, reported actions to manage these risks. For example, the Canada Mortgage and Housing Corporation is assessing climate-related risks qualitatively and quantitatively, the latter with a focus on exposure mapping and integrating climate scenarios into the Corporation's stress testing process to understand potential impacts on its operations and build its information base. It also reported potential flood-risk exposure in its mortgage insurance and mortgage funding portfolios and embedded climate considerations in its enterprise risk management framework. The Public Sector Pension Investment Board conducts regular climate scenario analysis and stress-testing, integrates climate risks into investment decisions, considers transition-related investment opportunities, and encourages enhanced disclosure on climate change risks and emissions by companies in which they invest.
- Crown corporations identifying climate-related opportunities through their lending, such as Export Development Canada and the Business Development Bank of Canada, reported efforts to invest in Canadian climate and clean-tech firms amid the global shift to a lower carbon economy. These organisations are expanding financing towards climate and clean-tech firms via platforms such as the [Sustainability Venture Fund](#), the [Climate Tech Fund](#) and [Sustainable Finance Framework](#), to help Canadian firms compete in a lower-carbon economy.

For further details, the links to the latest TCFD report by Crown corporations are available in *Annex A*.

## 3. Federal assets: overview

Federal assets are defined in this report as everything federal organisations own, lease or otherwise use in partnership to deliver programs and services for Canadians. From military bases to equipment for social services, the Government of Canada manages the most diverse asset portfolio in Canada, with a net book value of its tangible capital assets valued at \$115 billion<sup>2</sup>. Federal assets include:

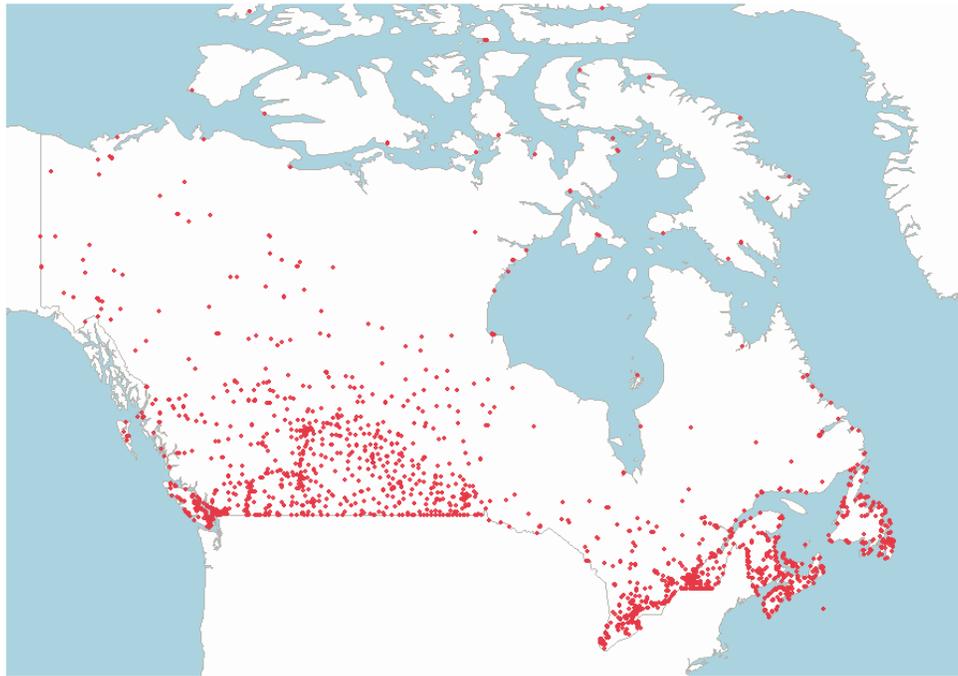
- 34,000 buildings such as office towers, border crossings, laboratories, embassies, cultural centers, passport offices and military facilities, spread broadly across Canada (see Figure 3 below).
- 20,000 infrastructure and engineering assets like roads, ports, wharves, dams, and bridges.
- 40,000 fleet vehicles like military aircraft, non-military motor vehicles, and coast guard vessels.

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<sup>2</sup> Public Accounts of Canada, 2024-25, Section 1. Tangible Capital assets include land, building, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft, and other vehicles.

- Almost \$14 billion dollars' worth<sup>3</sup> of machinery and equipment, including scientific and technical equipment and systems like communication towers, and arctic radar stations.
- Important responsibilities over diverse financial assets such as cash, public sector pension assets, and investments managed to discharge liabilities and finance future government operations.
- Contracts and partnerships allowing the use of another's assets to run government operations and services, such as over \$2 billion dollars worth of capital leases (e.g., for office space) and over \$41 billion dollars worth of assets under construction, of which some are built through public-private partnerships in which a private sector partner designs, builds, finances and/or operates and maintains large infrastructure projects.

**Figure 3: Federal real property locations across Canada**



Geographic distribution of federal real property and office buildings in Canada. Source: [Directory of Federal Real Property](#), Finance Canada analysis

These assets are an important channel through which climate-related financial risks or opportunities can impact government. Damages caused by climate change can drive up the cost of maintaining federal buildings and infrastructure, reducing their value over time. Federal organisations rely on these assets to reliably deliver programs and services to the public, even in the face of extreme weather, a changing climate, and the transition to net-zero. For example, it is essential that critical infrastructure at Canada's borders are resilient to extreme weather to support economic stability and growth, with measures in place to maintain business continuity and ensure the safe and efficient movement of people, goods and services. Furthermore, as the federal government continues its pathway to [net-zero federal emissions by 2050](#), efforts to decarbonize and realize the financial benefits of cost-savings and energy security are becoming more apparent and important.

Because these climate-related financial impacts are ultimately carried by taxpayers, managing these risks is part of prudent financial discipline for federal managers to safeguard public money, plan ahead, and avoid costly surprises. For these reasons, it is imperative that federal asset managers consider the physical and transition risks of climate change to bolster resilience when it is needed. The following sections set out what risks and opportunities federal organisations are identifying, and how they are managing risks and leveraging opportunities to deliver resilient and efficient government services.

<sup>3</sup> Public Accounts of Canada, Public Accounts 2024-25, Section 1, page 39. Figure represents the net book value, or total gross cost minus amortization, for the federal government as a whole.

### 3.1 How the federal public administration is organized to manage climate-related financial risks and opportunities to federal assets

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The Government of Canada manages risks and opportunities to assets through a comprehensive governance framework designed to ensure sound stewardship, value for money, and alignment with public service delivery. This framework is established in legislation (notably the *Financial Administration Act*) and management policies overseen by the Treasury Board of Canada, which serves as the management board of the federal public administration, supported by the Treasury Board of Canada Secretariat which monitors compliance and provides guidance and coordination.

The requirements and objectives of the Treasury Board of Canada's management policies guide the federal public administration's approach to managing public funds and achieving results. These include:

- The [Framework for the Management of Risk](#) supports the identification, assessment and mitigation of risks across all levels of decision-making. For decades, the Government of Canada has maintained a robust approach to risk management that is integrated into planning, resource allocation, and continuous monitoring, and tailored to each organisation's mandate and context.
- The Policy on the Planning and Management of Investments requires federal organisations to manage assets throughout their lifecycle to support program outcomes and public service delivery. It includes provisions for managing risk to federal real property. The Directive on the Management of Real Property under the policy reinforces elements of the Federal Contaminated Sites Action Plan, which requires federal organisations to assess and manage physical climate-related risks at contaminated sites.
- The Directive for Security Management and Federal Policy for Emergency Management ensures that federal organisations maintain continuity of critical programs and services during potential emergencies including extreme weather. Requirements include establishing emergency management plans that analyze, prioritize and prepare for emergencies and review and update them at least every five years.

Climate-related financial risks and opportunities are also addressed specifically through the [Greening Government Strategy](#), which establishes targets and commitments that serve as the federal public administration's transition plan to achieve net-zero GHG emissions in federal assets and operations by 2050, enhance climate resilience by 2035, and reduce waste and other negative environment impacts (see Figure 4). The Centre for Greening Government in the Treasury Board of Canada Secretariat monitors compliance and provides guidance and coordination to the federal public administration's management of climate-related risks and opportunities.

Implementation of risk and asset management practices is the responsibility of each federal department, agency and Crown corporation. Deputy heads (e.g., deputy minister, chief executive officer), supported by their chief financial officers, lead risk management practices and are accountable for ensuring their effectiveness. While Crown corporations have administrative responsibilities that are often distinct from federal departments and agencies, they remain responsible under the *Financial Administration Act* (Part X) and are expected to follow responsible financial management and reporting practices and align to the Greening Government Strategy.

## Asset-based targets and commitments of the Greening Government Strategy

The Government of Canada is committed to achieving net-zero emissions<sup>4</sup> in its operations by 2050 and enhancing climate resilience by 2035, while also reducing broader environmental impacts related to waste and biodiversity. To meet these goals, federal departments and agencies across government have made the following commitments specific to their assets. For full details beyond asset-related commitments, and for progress updates, visit the [Greening Government Strategy's website](#).

- Reduce absolute Scope 1 and Scope 2 GHG emissions from real property and conventional fleet operations by 40 per cent by 2025 and by at least 90 per cent below 2005 levels by 2050, with an aspirational 10 per cent reduction every five years starting in 2025.
- Ensure all new federal buildings (including build-to-lease and public private partnerships) are net-zero emissions unless a life-cycle GHG analysis supports net-zero-ready construction.
- Require a GHG reduction life-cycle cost analysis for all major retrofits, using a 40-year horizon and a carbon shadow price<sup>5</sup> of \$300 per tonne, maintained at all project stages.
- Use 100 per cent clean electricity where available for federal buildings by producing or purchasing renewable electricity by 2025.
- Conduct climate risk assessments and integrate adaptation measures for all new federal buildings, major retrofits, new/renewed office leases, and critical operations in Crown-owned buildings.
- Ensure that climate risks to critical assets are assessed as soon as possible (and no later than 2030), and that measures to reduce these risks are implemented no later than 2035.
- Reduce significant climate risks to critical services and activities by 2035 and remaining high-value services and activities by 2040.
- Starting in 2030, ensure 75 per cent of long-term domestic office leases are in net-zero, climate-resilient buildings; report GHG emissions from leased office space by 2025.
- Starting in 2025, ensure 100 per cent of new light-duty fleet vehicle purchases are zero-emission vehicles, with a goal of a 100 per cent zero-emission fleet by 2030.
- By 2030, ensure at least 40 per cent of new medium/heavy-duty vehicle purchases are zero-emission vehicles.
- By 2030, ensure at least 20 per cent of annual domestic fuel purchases for national security and safety air/marine operations are low-carbon fuels.

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<sup>4</sup> Net-zero emissions means reducing GHG emissions from operations to as close to zero as possible and then balancing out any remaining emissions with an equivalent amount of carbon dioxide removal

<sup>5</sup> Shadow carbon pricing is a method of investment or decision analysis that adds a surcharge for carbon dioxide that would be released to market prices for projects that involve significant carbon emissions.

## 3.2 Reported climate-related financial risks and opportunities to assets

Federal organisations reported a wide range of climate-related financial risks and opportunities from federal assets. These risks and opportunities can affect government operations by either directly affecting the organisation’s financial position (such as impacts affecting the value of assets) or indirectly by affecting the asset’s performance (such as by affecting the cost of operations to achieve program results).

The table below summarizes climate-related financial risks and opportunities reported by individual federal organisations, distinguishing between physical and transition risks, expected time horizons, and geographic concentration. As a summary of individual reports, it should not be viewed as a government-wide risk assessment.

Examples of Reported Risk Driver, Hazard and Affected Area	Examples of Reported Financial Exposure	Time frame <sup>6</sup>
<p><b>Physical Risks – Acute Weather Events</b> (e.g., wildfires, hurricanes, heat waves, floods, wind)</p> <p>Affected Area: Across Canada with certain hazards specific to regions</p>	<ul style="list-style-type: none"> <li>• Many custodians (federal organisations that administer property) reported how heating, ventilation and air conditioning systems in their office buildings and facilities may be affected by wildfire smoke and extreme heat. Notably, organisations such as Innovation, Science and Economic Development Canada and Library and Archives Canada which own laboratories and heritage preservation facilities that rely on stable climate conditions, reported on the higher vulnerability of these facilities to such hazards.</li> <li>• Custodians, including Correctional Service Canada and National Defence, identified a risk of asset degradation or loss of value posed by extreme weather, particularly flooding and wildfires affecting building envelopes (walls, roofs, and foundations) and field equipment, and extreme wind and ice storms affecting vehicles. Specialized assets (e.g., greenhouses, dams, wharves), older buildings, and outdoor assets are especially vulnerable.</li> <li>• Custodians and federal organisations that lease their facilities reported risks of emergency repairs or service interruptions due to impacts on buildings (as reported by Public Services and Procurement Canada and Parks Canada, for example). Exposure of critical information and enabling network infrastructure was also reported by Shared Services Canada and the Financial Transactions and Reports Analysis Centre of Canada.</li> <li>• Federal organisations including Health Canada and the Canada Food Inspection Agency reported the financial risks from crisis response and recovery efforts that require organisations to manage their cash flow in the face of unexpected shocks which divert it from other program priorities in the short term.</li> </ul>	<p>Higher impact in short to medium term (1-30 years), expected to moderate over the long term as resilience measures take effect</p>

<sup>6</sup> Impacts are anticipated over a range of time horizons, from short-term time horizons aligned with a 1-5 year time frame aligned with federal asset management cycles, to medium and longer-term time frames that highlight increasing risk of a physically changing climate to federal infrastructure and assets with longer amortization lifecycles (i.e., 2050s and 2080s).

Examples of Reported Risk Driver, Hazard and Affected Area	Examples of Reported Financial Exposure	Time frame <sup>6</sup>
<p><b>Physical Risks – Chronic Climactic Shifts</b> (e.g., rising temperatures, permafrost thaw, freeze-thaw cycles, sea level rise)</p> <p>Affected Area: Across Canada with certain hazards specific to regions.</p>	<ul style="list-style-type: none"> <li>Federal organisations that own assets, including the Canadian Space Agency and Fisheries and Oceans Canada, reported that climactic shifts including higher precipitation and sea level are impacting maintenance schedules, operational costs, and asset lifespan of building envelopes and engineering assets.</li> <li>Federal organisations that manage contaminated sites such as Transport Canada reported on the potential costs to maintain and remediate real property with contaminated sites due to changes in the soil releasing contaminants arising from erosion or permafrost thaw and the need to build climate-resilient remediation infrastructure when appropriate.</li> </ul>	<p>Long-term (2050+)</p>
<p><b>Transition Risks – Shifts to Lower carbon economy</b> (e.g., costs and new requirements to change technology and capital stock).</p> <p>Affected Area: Across Canada</p>	<ul style="list-style-type: none"> <li>Federal organisations such as Parks Canada reported on the higher capital and operating costs to retrofit and upgrade non-financial assets required in order to meet Greening Government Strategy targets..</li> <li>Federal organisations including Indigenous Services Canada and the Atlantic Canada Opportunities Agency reported the higher costs to replace their fleet with electric or lower carbon vehicles, including in the face of limited availability of specialized low-carbon vehicles and fuel.</li> </ul>	<p>Short-to-medium term (1-30 years) generally, with risk to fleets assessed in short-term (1-15 years)</p>
<p><b>Climate-related opportunities</b> (e.g., cost-savings, risk avoidance, program efficiency)</p> <p>Affected Area: Across Canada, concentrated in the Northern regions</p>	<ul style="list-style-type: none"> <li>Federal organisations that own assets, notably Public Services and Procurement Canada, reported on the anticipated cost-savings realized by investments in energy efficient and resilient buildings and fleet, whether owned or leased.</li> <li>Environment and Climate Change Canada, which collects and provides environmental information (e.g., weather, water, ice and air quality) across Canada, reported the potential reduction in costs to conduct operations in northern and remote communities, due to, for example, increased access to northern ports without icebreakers, a longer operating season for servicing field stations, and new solutions for remediation projects (such as biological land remediation using organisms and microbes).</li> </ul>	<p>Opportunities present in short-to-medium term (1-30 years), with benefits assessed to accrue over long-term (2050+)</p>

Beyond financial risks and opportunities that affect assets directly, important indirect financial risks and opportunities were also reported.

- Federal organisations with large geographic footprints reported on the risks of extreme weather damaging assets that could delay or prevent timely delivery of important services. For example:
  - The delivery of benefit payments due to impacts on regional service centres (reported by Employment and Social Development Canada), the processing of travellers and goods across borders due to impacts on ports of entry (reported by Canada Border Services Agency), and the provision of passport services due to impacts on immigration processing facilities (reported by Immigration, Refugees and Citizenship Canada).
  - The administration and enforcement of justice from impacts on Royal Canadian Mounted Police detachments, federal correctional institutions, and federal courts, which can delay proceedings, and impact service delivery models in climate-vulnerable regions. For example, Correctional Service Canada reported on the costs of evacuating the Port-Cartier Institution, a maximum-security institution in Quebec, in June 2024 due to nearby forest fires (Figure 3).

- Federal organisations also reported on how climate-related impacts on assets can reduce the performance and results of their programs. For example:
- Environment and Climate Change Canada, Natural Resources Canada, Canadian Heritage, and the Canadian Food Inspection Agency, which operate facilities requiring stable environments for scientific research or preserving cultural artifacts, or field equipment for testing food safety or monitoring wildlife, natural resources or weather, reported on the exposure of these assets to physical climate risks. Extreme heat or humidity, forest fires, and hurricanes were reported to potentially impact these assets, disrupting scientific progress undertaken by these organisations due to lengthened testing or monitoring schedules and increased costs.
- Parks Canada, which maintains heritage sites and national parks across Canada, reported the challenges and additional projected costs of operating facilities frequently exposed to a broad array of physical risks including climate change-related extreme weather that could accelerate degradation.

**Example of indirect costs associated with climate-related emergency response**

Given the intensification of forest fires in the City of Port-Cartier, Quebec, an evacuation order was issued in June 2024, which included the area in which Port-Cartier Institution is located. Inmates were successfully moved from the affected area to other secure federal correctional facilities.

To carry out the evacuation, Correctional Service Canada put measures in place to maintain the safety and security of staff, the public, and the offenders in its care and custody. These measures, most likely attributed to climate change, were estimated at approximately \$3 million, primarily related to unplanned correctional officer overtime, travel expenses and costs associated with adapting the sites that have accommodated the new inmates. Correctional Service Canada continues to improve emergency evacuation plans and safety measures.

As reported by Correctional Service Canada

## 4. Key measures to manage climate-related financial risks and opportunities to federal assets

This section summarises risk management measures undertaken by the federal public administration in 2024-25. Though each federal organisation takes their own steps to manage financial risk and leverage financial opportunities according to their circumstance, they all follow similar general steps according to a process based on a continual practice of integrated risk management, illustrated in Figure 5.

**Figure 4: Illustration of cyclical steps of risk management**

A risk management process enables federal organisations to better understand the risks and opportunities that affect their mandate or operations and to manage them more systematically. The process generally involves:

- **Identifying and assessing** financial risks and opportunities, which includes identifying and prioritizing relevant hazards, exposures and vulnerabilities of the organisation to the risks, and the potential of opportunities;
- **Taking action or treating** risks or leveraging opportunities, which in the case of risks involves reducing the asset’s vulnerability (such as building more resilient infrastructure) or reducing its exposure to certain hazards (such as relocating infrastructure); and
- **Integrating, monitoring and communicating** financial risks and opportunities for decision-makers, such as for senior management, government, parliamentarians, and the public.



For details on the government’s approach to integrated risk management, refer to the [Framework for the Management of Risk](#) and the [Guide to Integrated Risk Management](#)

## 4.1. Identifying and assessing climate-related financial risks and opportunities to federal assets

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Federal organisations are taking meaningful action to gather and assess information about climate-related financial risks. The types of tools and approaches these organisations use vary depending on what kind of assets they manage and the programs they deliver, as described below.

- Federal organisations that directly own or manage buildings and property (custodians) are conducting **climate change risk and vulnerability assessments** to gather important information on their exposure and vulnerability to physical and transition risks and to determine whether and what types of adaptive responses should be taken. For example:
  - Custodians with large asset portfolios are expanding site-specific and portfolio-wide assessments to determine their GHG emissions, the geographic exposure of their assets to physical risks, and to leverage opportunities.
    - Public Services and Procurement Canada manages federal buildings and infrastructure (such as the Alaska Highway and the Esquimalt Graving Dock) with replacement costs valued over \$9 billion and \$2 billion respectively. The Department reported completing 176 climate risk and vulnerability assessments on its assets to date, and now requires climate risk and vulnerability assessments to be undertaken for all new major projects.
    - National Defence has conducted climate vulnerability assessments on 34 of its military sites and five north warning system zones across Canada against 38 climate hazards and 11 infrastructure archetypes.
    - The Royal Canadian Mounted Police and Global Affairs Canada completed portfolio-wide assessments of their respective detachments and missions and are studying the findings to prioritize site-specific measures to enhance resilience and energy efficiency.
  - A variety of custodians are building their climate risk assessments from standardized methodologies and practices. For example:
    - The Canada Border Services Agency, Fisheries and Oceans Canada, Health Canada, and Public Health Agency of Canada are using the [Public Infrastructure Engineering Vulnerability Committee \(PIEVC\) High Level Screening Guide](#) to structure climate risk assessments for their facilities and inform adaptation measures.
    - Natural Resources Canada evaluated a risk management software tool that uses Monte Carlo simulation to quantify climate-related financial risks to inform portfolio planning.
    - Transport Canada, Agriculture and Agri-Food Canada, Immigration, Refugees and Citizenship Canada, and Natural Resources Canada aligned their climate risk assessments to international ([ISO 31000](#)) [risk management standards](#) and supported or were informed by guidance from Environment and Climate Change Canada on assessing and managing physical climate risks to federal operations and relevant assets.
    - Health Canada assesses energy usage across its facilities using [RETScreen](#) Clean Energy Management Software (developed by Natural Resources Canada and in use by countries and organisations across the world) to optimize the technical and financial viability of potential renewable energy, energy efficiency and cogeneration projects.
  - At the same time, custodians are applying tools that match their unique capacities, mandates and operating contexts. For example:
    - Fisheries and Oceans Canada is using the [Coastal Infrastructure Vulnerability Index](#), the Climate Change Vulnerability Index, and the [Canadian Extreme Water Level Adaptation Tool](#) on its sizeable presence of infrastructure across Canada's coastline (managing over 1,180 federal sites and supporting close to 940 harbours through the Small Craft Harbours Program), to assess coastal-related climate-related risks, such as exposure to sea level rise and unplanned emergency expenditures, and the vulnerability of hatcheries that require uninterrupted water access and stable conditions.

- Parks Canada Agency is leveraging expertise from Indigenous knowledge, asset managers and ecologists, as well as geospatial data, asset condition reports and life-cycle costing models to assess climate-related risks to its assets and operations in national parks and other sites across Canada.
- Federal organisations including the National Research Council of Canada and National Defence reported on their progress in undertaking climate risk assessments of real properties they manage that are federally contaminated sites. Notably, Transport Canada completed climate risk assessments on the most critical 40 per cent of the 219 contaminated sites it manages, while Public Services and Procurement Canada completed screening level climate risk assessments on 136 of its highest priority contaminated sites of its 527 total sites. These assessments help to forecast and manage the costs to maintain and remediate contaminated sites in the face of changing climate conditions such as permafrost thaw and soil erosion.
- Federal organisations reported how they are incorporating scenario analysis in their assessments to project how potential climate futures (such as [Representative Concentration Pathways](#) and [Shared Socio-economic Pathways](#), see definitions in *Annex A*) may affect their assets and facilities. A range of scenarios were reported, a few of which are set out in the table in *Annex B* for illustration.
- **Risk assessments for emergency management planning:** Federal organisations reported how they assess risks as part of their emergency management, including federal organisations that do not directly own assets they operate from but still rely on their resilience to deliver important programs or to carry out their policy mandates. For example:
  - Federal organisations that lease the buildings they operate in reported how climate change was considered in their [emergency management planning](#) to better prepare for unplanned emergency expenditures.
    - Employment and Social Development and Canada and Canada Revenue Agency operate across Canada to provide vital government services, and both reported on their use of business continuity planning to assess risks of service disruption during climate-related events.
    - The National Research Council of Canada and Innovation, Science and Economic Development Canada conduct scientific and testing operations that may be sensitive to disruptions caused by extreme weather, and both reported on conducting [all-hazards risk assessments](#) regularly to identify and prioritize potential threats to their emergency management capabilities.
  - Transport Canada reported on its work hosting the [border resiliency tabletop exercise](#) under the Canada-U.S. Emergency Management Consultative Group, which brought together various federal and partner agencies to test cross-border emergency response focused on the simulation of a significant weather disruption that interrupted both rail and road crossings in border communities in Niagara Falls, thereby reducing risks of unplanned emergency costs from such weather events that are growing more extreme.
- **Quantitative approaches to estimate costs:** While no single metric or financial indicator was used by all federal organisations to represent the range of financial impacts posed by climate change, organisations reported various quantitative information to help illustrate the magnitude and significance of climate-related risks and opportunities to their financial position. For example,
  - Canada Border Services Agency, Correctional Service Canada, and Immigration, Refugees and Citizenship Canada reported on the upfront capital costs and longer-term cost-savings anticipated from investing in energy efficient retrofits to their facilities that reduce GHG emissions and vulnerabilities from extreme heat and power loss.
  - Health Canada, Immigration, Refugees and Citizenship Canada, Royal Canadian Mounted Police, Canadian Space Agency, Canadian Food Inspection Agency and the Correctional Service Canada reported the estimated replacement value of their buildings or assets that were significantly exposed to physical risks of climate change (notably extreme weather of wildfires, tornadoes and floods). Estimated replacement values illustrate potential losses from direct impacts of acute climate hazards that could damage assets and, in some but not all reported cases, require replacement.
  - Several organisations reported on the accelerated rate of cash outflows due to responding to climate-related emergencies. Volatility of cash assets affects an organisation's liquidity and capacity to meet its financial obligations, disrupting program delivery and incurring costs from reallocating funds. For example, the Canadian Food Inspection Agency reported the cost of its national and regional emergency

response rose from an average of \$5 million per year from 2008 to 2022 (in 2025 dollars) to \$40 million per year in the last three years to respond to outbreaks of animal diseases and plant pests, 97 per cent of which were identified to be more prevalent with climate change, such as bovine tuberculosis and avian influenza. Public Safety Canada reported continued high demand of the Disaster Financial Assistance Arrangements Program (which cost-shares disaster response and recovery expenses with provinces and territories for large-scale disasters caused by natural hazards) and significant volatility in the predictability of these costs year over year.

### Figure 5: Overview of risk assessment frameworks

Managing climate-related risks and opportunities are about making informed judgements of the future, from the next five years to the next eighty. The financial impacts of climate change and the transition to net zero are likely to affect the federal government’s finances and performance in complex and uncertain ways. The results of taking actions to manage risks today may not always be clear beforehand, especially where measures might have unintended consequences or where resources might deliver greater benefit if used differently. Considerations of these trade-offs are an important part of risk management.

To be cost-effective and prudent with public resources, federal organisations reported how they prioritize risks according to their significance (using tools such as the risk assessment scoring framework below, among others) with the highest-rated risks being considered the most important to treat, based on an assessment of the following factors:

- The climate-related hazard: a condition or event with the potential to pose a financial or operational impact to the federal organisation (e.g., wildfires, higher temperatures),
- The exposure of federal assets to climate-related hazards, which is determined by considering aspects like the potential financial impact and likelihood of hazards affecting the asset.
- The vulnerability or resilience of the asset to withstand or adapt to the hazard. This is determined by considering the asset’s condition (e.g., buildings that have been made resilient to climate change versus those that have not) and its criticality in delivering important services.

Risk Assessment Matrix							
Severity of Impacts (S)	Very Severe	5	5	10	15	20	25
	Severe	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Measurable	1	1	2	3	4	5
			1	2	3	4	5
			Very Low	Low	Moderate	High	Very High
Probability/Likelihood of Occurrence (P)							

where Risk Categories are defined as:

Negligible Risk	R = 1 or 2
Low Risk	R = 3 or 4
<b>Special Case</b>	<b>R = 5</b>
Moderate Risk	R = 6, 8 or 9
Significant Risk	R = 10, 12, 15 or 16
Major Risk	R = 20 or 25

The figure above as reported by Health Canada is a risk assessment matrix that follows the Public Infrastructure Engineering Vulnerability Protocol. The framework evaluates climate risks using a matrix that combines severity of impacts from 1 (measurable) to 5 (very severe), and probability of occurrence from 1 (very low) to 5 (very high). The resulting score (severity times probably) determines the level of risk.

## 4.2. Acting to address, mitigate or reduce climate-related financial risks to federal assets or leverage opportunities

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Federal organisations are moving beyond diagnosis. After identifying and assessing climate-related risks or opportunities, federal organisations are taking action to reduce exposure or strengthen resilience against high-rated significant risks or realize opportunities for better cost-savings. For example:

- Federal organisations that manage infrastructure reported on their efforts to **enhance the resilience or reduce the vulnerability of federal infrastructure to physical climate-related risks**. These measures vary depending on the risk applicable to each site and can range from hardening infrastructure or better risk management plans.
  - The Canada Border Services Agency is building and upgrading the infrastructure of ports of entry across the country through the [Land Border Crossing Project](#), using designs built for climate resilience specific to each location.
  - The Canadian Space Agency incorporated climate resiliency into three major projects, including drainage refits for the John H. Chapman Space Centre headquarters.
  - Parks Canada continued to implement wildfire risk mitigation measures in high-risk areas in 2024, including vegetation management and [FireSmart™](#) retrofits, while building resilience in flood-prone areas with erosion control, natural buffers, and culvert redesign.
  - Housing, Infrastructure and Communities Canada reported on the steps it has taken to enhance the durability of the Samuel De Champlain Bridge to climate risks, including drainage and water retention measures to mitigate potential flooding events.

### The Centre Block Rehabilitation Project on Parliament Hill

The Centre Block Rehabilitation Project on Parliament Hill includes measures designed to address potential impacts from climate hazards like extreme heat, snow accumulation, and heavy rainfall, while also aiming for net-zero greenhouse gas emissions and reduced energy consumption. A few of the measures taken to manage climate-related risks include:

- Expanding cooling systems to manage rising temperatures, as well as using *geoexchange* system technology (utilizing boreholes drilled on Parliament Hill to capture and reuse surplus energy from the ground to provide heating and cooling);
- Improving drainage and waterproofing to manage increased rainfall; and,
- Aiming to achieve net-zero greenhouse gas emissions, as well as a 75 per cent reduction in energy consumption and a 50 per cent reduction in indoor water consumption.

These measures are among others used in the modernized Centre Block, by future-proofing against anticipated changes in the climate. The Centre Block rehabilitation project is a significant example of how historical buildings can be adapted to the challenges of climate change while preserving their heritage value and enhancing their functionality to meet modern standards.

*As reported by Public Services and Procurement Canada*

- To reduce transition risks, federal organisations reported how they are **reducing the greenhouse GHG emissions** of their buildings and fleets. These efforts are seeing results; GHG Scope 1 and 2 emissions of federal real property and conventional fleet (i.e., excluding national safety and security fleets) [have been reduced by over 42% since 2005 levels](#). Key measures include: :
  - Through the [Federal Buildings Initiative](#) and [Clean Electricity Initiative](#), federal organisations reported how they were using energy more efficiently. This includes leveraging [Energy Performance Contracts](#) to complete energy-efficient retrofit projects in their buildings, resulting in an annual reduction of at least 34 kt CO<sub>2</sub>e of GHG emissions and energy cost savings of \$13.4 million, while benefitting from 100 per cent clean electricity for their facilities. The Canada Border Services Agency estimated capital costs to retrofit its sites through energy performance contracts averages between \$200,000 to \$1 million per facility,

- yielding a return on investment within 8 and 15 years depending on project scope.
- Fisheries and Oceans Canada completed renewable energy projects at their Eastern Nova Scotia Area Office in Sydney, Nova Scotia, and is nearing completion of another project at Machias, Seal Island, advancing the department's efforts to reduce GHG and enhance energy efficiency. The Department also leveraged the [Greening Government Fund](#) to support net-zero upgrades to its fish management office and warehouse in St. Lewis, Newfoundland and Labrador. This fund enables federal departments and agencies to invest in projects that reduce operational GHG emissions using money drawn from departmental travel budgets.
  - Several organisations reported how they were building or retrofitting [net-zero or net-zero ready federal facilities](#). For example, the new preservation storage facility for Library and Archives Canada is LEED Gold and designed for climate resilience, while the [Ādisōke](#) project is being designed to a LEED Gold standard and built for carbon neutrality.
  - Many federal organisations are continuing to transition their light-duty fleet so as to fully electrify their light-duty fleet by 2030 through capital management plans and [fleet greening plans](#), including installing electric vehicle charging infrastructure throughout their sites.
- Federal organisations are **building infrastructure more resilient to climate-related financial risks through changes to their programs**. For example:
    - Indigenous Services Canada, which has invested \$16.8 billion in targeted infrastructure funding between April 2016 and June 2025 for 13,280 projects in support of Indigenous communities, is piloting a climate change assessment toolkit to help project proponents better evaluate climate risks. The Department is also advancing the integration of climate resiliency into community infrastructure policy, planning and delivery by embedding climate risk considerations, resilient designs, and adaptive construction standards across on reserve infrastructure categories. Together, these measures aim to strengthen preparedness while reducing long term program costs.
    - Scientists at Fisheries and Oceans Canada are developing tools to help estimate shifts in species distributions under future climate scenarios to support harbour and fisheries planning, which may help program results for the department over the long term.
    - Canadian Heritage reported its work through the Northern Aboriginal Broadcasting program to support infrastructure upgrades, such as transmitters and backup power systems, to enhance the resilience of remote radio stations capable of providing real-time updates, safety information and community coordination for remote Indigenous Communities during adverse weather events.
    - Public Safety modernized the Disaster Financial Assistance Arrangements program in 2025 to support disaster risk reduction actions by provinces and territories (such as land use planning) before the occurrence of disasters (including from flooding, hail and wildfires).
    - Shared Services Canada deployed measures to ensure resiliency of the federal governments network in the event of climate events, including leveraging low earth orbit satellite connectivity solutions in the event that standard terrestrial connections become unavailable due to climate events. Similarly, the Office of the Auditor General, Courts Administration Service, and Canada Revenue Agency are strengthening the resilience of their electronic records in the face of extreme weather through secure offsite backup of their servers.

### Indigenous Services Canada Emergency Management

Indigenous Services Canada reported the cost of its emergency response and recovery efforts for Indigenous communities has increased from \$81 million in 2016-17 to nearly \$589 million in 2024-2025 due to the diminishing viability of seasonal winter/ice roads, escalating wildfires, flooding and more frequent extreme weather events.

In close collaboration with First Nations practitioners, Indigenous Services Canada enhanced its risk-based approach to funding allocation to ensure that support is being directed to those First Nations with the highest identified need and heightened risks. The risk-based formula is composed of seven historical, geographic, demographic and socio-economic factors to arrive at a risk scoring at both the regional as well as individual First Nation level.

These factors include the (1) regional Climate Risk Index Score, (2) regional Community Well-Being Index Score, (3) 10 year average of the total costs of First Nations emergencies, (4) population size of registered Indigenous people living on reserve, (5) 10 year average of the total number of emergency events specific to the First Nation, (6) Number of remote First Nations, and (7) number of First Nation bands on reserve. The resulting scoring is used to inform funding decisions in order to promote support towards communities at the highest risk.

*As reported by Indigenous Services Canada*

## 4.3. Integrating climate-related financial risks and opportunities into decision-making

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After climate-related risks and opportunities are identified, assessed and acted on as necessary, federal organisations reported how they embed these considerations into ongoing planning, decision-making and investment processes. This approach ensures organisations proactively address risks that evolve over time, while identifying emerging opportunities to enhance resilience and reduce costs.

- **Building a broader view of climate-related risks:** Federal organisations reported how they are working to build a cohesive view of the potential financial impact of climate-related risks and opportunities into broader risk management frameworks. For example,
  - Federal organisations, including Natural Resources Canada and Agriculture and Agri-food Canada reported, how climate change risks were assessed in their [Corporate Risk Profiles](#). These are undertaken at least annually by federal departments and agencies to spot, assess, prioritize and monitor cross-cutting and significant risks that may threaten their ability to carry out their mandate. This process for classifying and prioritizing risks is structured by guidance from the Treasury Board of Canada Secretariat ([Risk Taxonomies](#), [Integrated Risk Management](#), and [Risk Management Capability models](#)) and conducted using risk matrices, environmental scanning, senior management input and past audits.
  - Indigenous Services Canada reported how the results of climate risk assessments on the portfolio of assets it owns are being regularly presented to its departmental executive committees and implicated assistant deputy ministers to ensure alignment with corporate business planning processes.
  - Canada Border Services Agency, the Canadian Coast Guard, Health Canada and Immigration, Refugees and Citizenship Canada all reported on their development of a Climate Change Adaptation Plan to integrate considerations on climate change specifically across operational, financial and capital planning (see [Transport Canada 2022 to 2026 Climate Change Adaptation Plan](#) as an example of what these plans include).
  - Government-wide, the Treasury Board of Canada Secretariat's Centre for Greening Government is building a view of climate-related risks across the federal government's capital asset portfolio by completing studies of the costs of extreme events on government operations and assets, starting with the British Columbia atmospheric river floods in 2021, Hurricane Fiona in 2022 and the wildfires in Yellowknife in 2024.

- Federal organisations that manage substantial capital or property portfolios as custodians reported how they are using their climate risk and vulnerability assessments to **inform asset and investment planning**. For example:
  - National Defence is integrating information from its climate change vulnerability assessments into individual sites' master real property development plans to guide their long-term infrastructure planning, as well as informing relevant subject matter experts across the department of the assessments.
  - Public Services and Procurement Canada reported how the results of its climate risk and vulnerability assessments are being integrated into future project and asset planning under the [Building Management Plan](#). Public Services and Procurement Canada also leases office space for many other federal departments and agencies, and shares information about risks for its network of federal tenants, such as the Public Prosecution Service of Canada.
  - Correctional Service Canada is consolidating climate risk and vulnerability information across its 44 institutions into a climate resilient real property portfolio plan to determine vulnerability priorities in order to plan future investments required to adapt to climate change risks, which it aims to complete by 2027.
  - The Royal Canadian Mounted Police is leveraging risk information from its portfolio-wide climate change vulnerability assessment to inform a range of investment and capital planning procedures, including the Green Building Policy, Multi-Year Financial Plan, Building Management Plans, project startup documentation and regional strategic plans.
  - Agriculture and Agri-Food Canada, Canadian Food and Inspection Agency, Fisheries and Oceans Canada, Environment and Climate Change Canada, and Indigenous Services Canada all reported how climate change considerations were reflected in their investment plans.
  - The Canadian Space Agency reported on how its measures to reduce GHG are integrated into its asset lifecycle replacement planning, and stress-tested against a shadow price of carbon of \$300/tonne, as required under the Greening Government Strategy.
- A quarter of reporting federal organisations across a variety of operating contexts and mandates described how they integrated climate-risks into their **business continuity or emergency management planning** to strengthen the resilience of their critical services against extreme weather. For example:
  - Justice Canada, the Courts Administration Services, and Parole Board of Canada own or lease buildings that facilitate the access and administration of justice and reported their regular use of operational contingency plans, strategic emergency management plans, and business continuity plans to ensure continuity in the face of climate-related disasters.
  - Major business disruptions including those driven by climate change are identified in Innovation, Science and Economic Development Canada' 2023-2026 Departmental Security Plan, which is subject to annual review by their deputy ministers.
  - The Canada Revenue Agency and the Financial Transactions and Reports Analysis Centre of Canada use dedicated in-house crisis management teams to actively respond to climate-related emergencies affecting their facilities and protect the integrity of their critical services (the dispersion of tax benefits and investigation of financial crimes respectively). Similarly, Employment and Social Development Canada, which delivers most of the federal government's social services benefits, reported enhancing its emergency management planning through simulation exercises to strengthen service continuity during climate related emergencies. Meanwhile, Environment and Climate Change Canada reported on the increased capacity of its Emergency Management Office to improve its ability to respond to wildfires.

## Penticton Wildfire Prevention

Starting in 2018, the National Research Council of Canada (NRC) developed an emergency response and mitigation plan to address staff safety and infrastructure retention at the NRC's Dominion Radio Astrophysical Observatory site in Penticton, British Columbia. This is in response to a specific risk of forest fires exacerbated by climate change. Since this time, the NRC has developed evacuation plans, modified building operations to limit activities which could initiate fires, provided training, and developed forest fire fuel treatment plans.

The forest fuel treatment plans have included the development of a fuel management prescription that has become a regular operational requirement on site. Activities have included thinning forest canopy, reducing forest floor fuels, and completing controlled, prescribed burns to reduce the intensity of potential fires. The initiative was delivered in close collaboration with First Nations communities, along with the province of British Columbia, other federal departments and local partners. The fuel management prescription is being implemented by representatives from the Syilx communities.

As reported by National Research Council of Canada

- To inform the public on steps taken towards greater climate resilience and net-zero emissions, many federal organisations reported disclosing progress on their efforts to meet their targets under the Greening Government Strategy including their climate-related risk management measures in their [departmental sustainable development strategies](#) (DSDS) and related reports on progress. For example, National Research Council's 2023 to 2027 DSDS includes 59 sustainability commitments that incorporate a broad range of research and development programs demonstrating the agency's commitment to fighting climate change.

## 5. Conclusion and Next Steps

Over the past year, the departments, agencies and Crown corporations that make up the federal public administration have made progress in embedding climate resilience in their operations. Through enhanced data collection, interdepartmental coordination, and the continued implementation of the Greening Government Strategy, federal organisations have deepened their understanding of climate-related financial exposures and taken concrete steps to mitigate them.

These efforts are not only about safeguarding public assets and services; they are also about ensuring long-term economic stability, protecting Canadians, and positioning the country to compete effectively in a net-zero future.

This report reflects a maturing approach to climate risk management. It highlights how federal organisations are moving from risk identification to proactive adaptation, integrating climate risk information into procurement, infrastructure planning, and workforce resilience.

## Annex A: Methodology

The Department of Finance (Department) prepared this report under the leadership of the Minister of Finance and in cooperation with the Minister of Environment, Climate Change and Nature in alignment with section 23 of the *Canadian Net-Zero Emissions Accountability Act*.

Unlike other climate-related disclosures in which individual entities report on their climate-related risks, opportunities and risk management measures, the scope of this report is for the whole of the federal public administration. As a result, this report relies critically on information gathered from the federal public administration (generally understood to mean the federal departments, agencies and Crown corporations that make up the executive arm of the Government of Canada). The two main sources of information the Department relied on for the report are:

- A survey prepared and sent by the Department of Finance to the 52 federal departments and agencies with greater than 500 full-time equivalent employees as reported in their 2024-2025 Departmental Plans. The survey was adapted from a similar survey provided to the same departments and agencies for the 2024 report, with enhancements seeking key updates or developments since their 2024 submission, as well as more specific information related to the assets that the reporting organization owns, leases or otherwise relies on to delivery programs and services. See Table 1 for the list of federal departments and agencies that were included in the survey.

- The most recently published (as of December 5, 2025) climate-related disclosures of Crown corporations aligned to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. Budget 2021 directed Canada’s Crown corporations with over \$1 billion in assets to report on their climate-related financial risks for their financial years, starting in calendar year 2022 at the latest. All 16 implicated Crown corporations fulfilled this request and have released climate-related financial risk reporting. Crown corporations with less than \$1 billion in assets have begun reporting on their 2024 financial years, expecting to do this by the end of 2025. The Department collated and summarized the published reports from these Corporations. See Table 2 for the links to these latest reports.

### **Federal Departments and Agencies (Federal Organisations) surveyed in 2025**

- Administrative Tribunals Support Service of Canada
- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunities Agency
- Canada Border Services Agency
- Canada Energy Regulator
- Canada Revenue Agency
- Canada School of Public Service
- Canadian Food Inspection Agency
- Canadian Heritage
- Canadian Institutes of Health Research
- Canadian Nuclear Safety Commission
- Canadian Radio-television and Telecommunications Commission
- Canadian Space Agency
- Correctional Service Canada
- Courts Administration Service
- Crown-Indigenous Relations and Northern Affairs Canada
- Department of Finance Canada
- Department of Indigenous Services
- Department of Justice Canada
- Employment and Social Development Canada
- Environment and Climate Change Canada
- Financial Transactions and Reports Analysis Centre of Canada
- Fisheries and Oceans Canada
- Global Affairs Canada
- Health Canada
- Housing, Infrastructure and Communities Canada
- Immigration and Refugee Board of Canada
- Immigration, Refugees and Citizenship Canada
- Impact Assessment Agency of Canada
- Innovation, Science and Economic Development Canada
- Library and Archives Canada
- National Defence
- National Research Council Canada
- Natural Resources Canada
- Natural Sciences and Engineering Research Council of Canada
- Office of the Auditor General of Canada
- Office of the Chief Electoral Officer
- Office of the Superintendent of Financial Institutions
- Parks Canada
- Parole Board of Canada
- Privy Council Office
- Public Health Agency of Canada
- Public Prosecution Service of Canada
- Public Safety Canada
- Public Service Commission of Canada
- Public Services and Procurement Canada
- Royal Canadian Mounted Police
- Shared Services Canada
- Statistics Canada
- Transport Canada
- Treasury Board of Canada Secretariat
- Veterans Affairs Canada

Table 1

**Crown Corporations and links to latest Taskforce on Climate-related Financial Disclosure**

<b>Crown Corporation</b>	<b>Latest Disclosure</b>	<b>Link to Latest Disclosure</b>
Canada Pension Plan Investment Board	2025	<a href="#">2025 Annual Report</a>
Canada Mortgage and Housing Corporation	2024	<a href="#">2024 Annual Report – Page 39</a>
Public Sector Pension Investment Board	2025	<a href="#">2025 Climate-Related Financial Disclosures</a>
Bank of Canada	2024	<a href="#">Disclosure of Climate-Related Risks 2024</a>
Export Development Canada	2024	<a href="#">EDC – 2024 Climate-Related Disclosure</a>
Farm Credit Canada	2025	<a href="#">2024–25 Climate-Related Disclosure</a>
Business Development Bank of Canada	2024	<a href="#">BDC 2025 Annual Report</a>
Canada Post Corporation	2024	<a href="#">Canada Post 2024 Sustainability Report</a>
Canada Development Investment Corporation	2024	<a href="#">CDEV TCFD Report</a>
Canada Deposit Insurance Corporation	2025	<a href="#">2025 Annual Report – Appendix A</a>
Canadian Broadcasting Corporation	2025	<a href="#">TCFD Disclosure 2024–25</a>
Windsor-Detroit Bridge Authority	2024	<a href="#">TCFD Report 2024</a>
VIA Rail Canada Inc	2024	<a href="#">VIA Rail – 2024 Report TCFD</a>
Atomic Energy of Canada Limited	2024	<a href="#">2024 Climate Resilience Report</a>
Canada Lands Company Limited	2025	<a href="#">2024-25 Impact/ESG Report</a>
Canada Infrastructure Bank	2025	<a href="#">CIB 2024-25 Annual Report</a>
Marine Atlantic	2025	<a href="#">2024–2025 Annual Report (Appendix A)</a>
Pacific Pilotage Authority	2024	<a href="#">2024 Annual Report</a>
Great Lakes Pilotage Authority	2024	<a href="#">2024 Annual Report</a>
Canadian Museum of History	2025	<a href="#">2024-2025 Environmental Report</a>
Canadian Tourism Commission	2024	<a href="#">2024 Annual Report</a>
National Capital Commission	2024	<a href="#">Climate Adaptation Strategy</a>
Ingenium Canada	2025	<a href="#">2024-2025 Annual Report</a>
Standards Council of Canada	2025	<a href="#">TCFD Report</a>

## Definition of key terms

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**Climate-related financial risks and opportunities:** the effects of uncertainty driven by climate change and the world's efforts to transition to a lower carbon economy that may pose a financial impact, which can have both negative effects (risk) and positive effects (opportunities) to the federal government depending on what the risk or opportunity is and how the federal government has prepared. More specifically:

- **Physical risks and opportunities are driven by a physically changing climate** include those associated with chronic long-term shifts in climate patterns (such as rising temperatures, sea level, and precipitation patterns) or by acute weather-related events (such as wildfires, hurricanes and floods, that increase in severity and frequency under a changing climate). These risks can damage federal buildings, pose higher costs for maintaining them, and lead to disrupted or more expensive programs and services. Conversely, opportunities can result from lower-than-expected costs after measures are taken to bolster resilience, such as by avoiding service interruptions from extreme weather damage.
- **Transition risks and opportunities are driven by the transition to a net-zero emissions economy** include those resulting from the related transitions to energy, land and infrastructure use, as well as broader changes in policy, prices, technology, and investor and consumer preferences. The transition to net-zero can impose costs or cost-savings to federal organisations depending on the emissions profile of their assets and the steps they have taken for energy efficiency, such as spending less on waste removal or energy.

**Representative Concentration Pathway (RCP):** Standardized climate scenarios that describe possible future trajectories of greenhouse gas concentrations and other forcing agents. Each RCP is defined by the amount of radiative forcing (in watts per square metre i.e. 2.6, 4.5, 8.5 W/m<sup>2</sup>) reached by 2100 and is used primarily to model the physical climate response (e.g., temperature, precipitation).

**Risk:** The effect of uncertainty on outcomes. Specifically, risk is the expression of the likelihood and impact of an event that could affect the achievement of an organisation's objectives. The positive effect of uncertainty is an opportunity (also known as upside risk). Source: Treasury Board of Canada Secretariat, [Guide to Risk Taxonomies](#).

- **Financial risks** to the federal public administration are risks that may pose a financial impact of which the federal public administration is the primary owner and do not include risks to other governments, stakeholders, or the broader economy unless the risk is clearly and financially transmitted to the federal public administration.

**Risk driver:** An internal or external circumstance that is contributing to (or “driving”) a risk. See definition of “Climate related financial risks and opportunities” for financial risks that involve climate-related drivers.

**Risk management:** A systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on and communicating risk issues. Federal organisations risk manage programs in accordance with a robust regime of administrative policies and oversight by the Treasury Board of Canada, and a [guiding framework for risk management](#).

**Risk transmission channel:** The causal chain that links climate-related risk drivers to financial risks, as described in Bank for international Settlements, [Climate-related risk drivers and their transmission channels](#), 2021; and Coalition of Finance Ministers for Climate Action, [Climate-related risks for Ministries of Finance: An overview](#), 2021.

**Shared Socioeconomic Pathway (SSP):** Plausible narratives of future socioeconomic development, ranging from SSP1 (Sustainability) to SSP5 (Fossil-fueled Development), that represent changes in population growth, economic trends, technological change, and governance. SSPs describe how society might evolve and are combined with RCPs to assess future emissions, climate impacts, mitigation potential, and adaptation challenges.

## Annex B: Reported climate-related scenario analysis

A **climate-related scenario** is a hypothetical construct used to represent a possible future about climate change or the transition. It is not a forecast or prediction of the future, but rather used as part of **scenario analysis** to enhance strategic thinking by exploring alternatives that may significantly alter the basis for “business-as-usual” assumptions. It helps decision-makers test the resilience of programs and investments under varying assumptions about global warming and the economic transition of decarbonization.

Examples of scenarios include the **Net-Zero by 2050** pathway, which assumes rapid decarbonization aligned to limiting warming to 1.5C (a high transition risk, low physical risk scenario), and scenarios that project high greenhouse gas emissions and resulting extremely high physical risk, such as the **Representative Concentration Pathway (RCP) 8.5** scenario and the **Shared Socio-Economic Pathway (SSP) 5-8.5 scenario** which limit global warming at about 5°C relative to pre-industrial levels.

To support assessments of climate-related financial risk and stress testing, some federal organisations reported using climate-related scenario analysis to evaluate how different global warming and policy pathways could affect their assets, outlined in the table below. Applying these scenarios helps federal organisations anticipate financial pressures, service disruptions and adaptation needs across short-, medium-, and long-term horizons.

Dept	Time Frames Considered	Climate-related Hazards Considered	Asset type	Climate Scenarios / Models /Tools Used
Agriculture and Agri-Food Canada	Short term (30 yrs), Long-term (50 yrs)	Multiple physical acute and chronic hazards.	Buildings	RCP 8.5
Canada Food Inspection Agency	Short-term (2041-2060), Long-term (2081-2100)	Heavy rainfall, freeze-thaw cycles	Buildings	RCP 8.5
Canadian Space Agency	Short-term (2021-2050), Long-term (2051-2080)	Multiple physical acute and chronic hazards including wildfires, extreme heat, wind and rain, lightning, and flooding	Buildings	RCP 4.5 and 8.5
Crown-Indigenous Relations and Northern Affairs Canada	Short-term (2030), Long-term (2080)	Projected climactic conditions, permafrost thaw, air quality, wildfires	Buildings	RCP 8.5
Health Canada	Short term (present to 2040), Medium term (2040 to 2070) and Long-Term (2071 to 2100)	Extreme temperatures, extreme rainfall and flooding, extreme wind and tornadoes	Buildings	RCP 4.5 and 8.5
Immigration, Refugees and Citizenship Canada	Near term (2036-2065), Long term (2066-2095)	Hazards scored by percentile thresholds	Buildings, fleets	SSP5-8.5
Library and Archives Canada	Short-term (1-5), Long term (5-30 years)	Rainfall, flooding, heat/cold events	Buildings	SSP5-8.5 / RCP 8.5
Natural Resources Canada	Short (0-5 yrs) Medium-term (5-15 years) Long-term (15+ years)	Wildfires, tornadoes, erratic weather (heat, precipitation) permafrost thaw, and freeze-thaw cycles	Buildings, machinery and equipment	Canadian Downscaled Climate Scenario – Univariate <a href="#">CMIP6 (CanDCS-U6)</a> and SSP5-8.5
Public Health Agency of Canada	Short, medium and long-term risks with a focus on 2071-2100	Air quality and increasing severity and frequency of extreme weather events such as wildfires, heatwaves and freezing rain	Buildings	SSP2-4.5 (Intermediate scenario, limits global warming at about 3°C) and SSP5-8.5

<b>Dept</b>	<b>Time Frames Considered</b>	<b>Climate-related Hazards Considered</b>	<b>Asset type</b>	<b>Climate Scenarios / Models /Tools Used</b>
Public Service and Procurement Canada	Baseline (1991-2020), Short-term (2021-2050), Medium-term (2041-2070), Long-term (2071-2100)	Multiple hazards across 127 sites across Canada	Buildings, engineering works	RCP 8.5 / SSP5-8.5
Royal Canadian Mounted Police	Historical, 2050s and 2070s	Storm, flooding, wildfires and temperature increases	Buildings	RCP 4.5 and 8.5