

Governance – narrative

1. Disclose the insurer's governance around climate-related risks and opportunities. In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

Climate-related disclosure is handled at the parent company level through the ultimate parent company of Empower Annuity Insurance Company of America (EAICA), Great-West Lifeco Inc. (Lifeco). For example, Lifeco has been responding to the CDP climate change questionnaire since 2013.

EAICA's indirect parent company Lifeco announced its ambition to achieve net zero greenhouse gas (GHG) emissions by 2050 for both operations and investments. In the fourth quarter of 2023, Lifeco published interim net zero goals of reducing its operational carbon emissions by 40% by 2030 (1)(2) and its investment carbon footprint by 37% by 2030 (3)(4)(5)(6). Lifeco does not currently have a comprehensive transition plan in place to achieve its net zero-related goals and ambitions and the timing for developing such a plan and its scope and achievability remain uncertain. Moreover, the data needed to define Lifeco's plan to achieve those goals and ambitions is limited in quality and availability and is inconsistent across the sectors Lifeco chooses to focus on. As a subsidiary, EAICA may be impacted by Lifeco's ambition and interim net zero goals.

¹Great-West Lifeco Inc.'s goals are aspirational and may need to be recalibrated.

²Interim goals are on a 2019 Baseline year.

³Great-West Lifeco Inc.'s investment goals for 2030 have been established to reflect the reductions that their investee companies would need to make, to follow the pathways established by the International Energy Agency to limit global warming to 1.5 degrees Celsius.

⁴Measured against a 2019 baseline year.

⁵Carbon footprint is measured per million dollars invested (tCO₂e/\$m invested).

⁶The following asset classes are out-of-scope and excluded from the 37% goal: mortgages, sovereign debt, private debt and equity, and scope 3 emissions of issuers.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities. In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

Internal governance around climate-related risk and opportunities occurs at both the EAICA level and at Lifeco. In the fourth quarter of 2023, Lifeco finalized a Climate Risk Management Policy which applies to EAICA and its subsidiaries.

At the Lifeco level, the Risk Committee of the Board of Directors is responsible for, among other things, oversight of Lifeco's enterprise risk management (including its management of sustainability risk and more specifically climate change risk). Sustainability risk, including climate change, is explicitly reflected in the ERM Framework. The Risk Committee oversees the ERM framework, which includes financial risks (market, credit,

and insurance) and non-financial risks (operational, conduct, and strategic). In Q4 2023, the Executive Risk Management Committee (ERMC) approved the Climate Risk Management Policy that is to be implemented at a Lifeco level by Q4 2024. The Policy provides the principles of Lifeco's approach and requirements for managing climate risk. The objective of this policy is to establish and maintain a consistent enterprise-wide framework for climate risk management aligned to the relevant principles and requirements set out in the Investment Policy, the Enterprise Risk Management Policy, Risk Appetite Framework and Strategic Risk Policy.

Additionally, at the Lifeco level, the Investment Committee of the Board of Directors is responsible for, among other things, climate change as part of the oversight it provides on global investment strategies, including climate-related transition risks and opportunities such as cleaner energy sectors that could impact its investment growth strategies. Oversight of climate-related impacts are an important part of the responsibility of the Investment Committee of the Board, enabling Lifeco to proactively identify and mitigate potential risks, while ensuring they maximize the opportunities within their investment portfolio. In 2022, the Lifeco Board approved revised charters for the Board, Audit Committee, Risk Committee, and Investment Committee to formally incorporate ESG matters. As with all responsibilities set out in the charters, the enumerated ESG responsibilities will be monitored to ensure the charters continue to reflect Lifeco's evolving governance of this important area.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Regarding management's role in assessing and managing climate-related risks and opportunities, EAICA operates a Three Lines of Defense (LoD) risk governance model to ensure effective management and oversight of climate risk. The following outlines key governance accountabilities for climate risk management.

First Line of Defense: Business Units

Business Units are responsible for assessing climate risk for EAICA's investment portfolio and physical footprint, and are primarily responsible and accountable for day-to-day climate risk management in alignment with the Risk Appetite Framework. For example, through the lens of risk in the investment portfolio the primary responsibility and accountability for identification, measurement, management, monitoring, and reporting of risks arising from climate change lies within the Investment Function. Through the lens of climate risk to EAICA's physical footprint, the Facilities Business Unit is in the First Line of Defense.

Second Line of Defense (The Oversight Functions): Risk and Compliance Functions

The Risk and Compliance Functions are primarily responsible and accountable for ensuring that the climate risk framework is implemented and embedded, and for providing independent oversight of the climate risk management activities. Within the Second Line of Defense, the Chief Risk Officer is responsible for oversight of climate risk. Additionally, the Chief Compliance Officer is responsible for establishing procedures to ensure compliance with climate-related regulations as needed.

Third Line of Defense: Internal Audit Function

Internal Audit is an independent and objective assurance function that is responsible for independently assessing the adequacy of the design and operational effectiveness of governance, risk management, and control processes relating to climate risk management.

At the Lifeco level, management-level positions with responsibility for climate-related issues (risks and opportunities related to its investing activities, insurance underwriting activities and own operations) include: the CEO, Chief Risk Officer, Chief Investment Officer, Deputy Chief Financial Officer, Executive Risk Management Committee, Lifeco Strategic Operating Committee, Lifeco Executive Management Committee and Chief Sustainability Officer.

Strategy – narrative

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material. In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

For the scope of this disclosure, EAICA is considered stand-alone without subsidiaries (such as Empower Life & Annuity Insurance Company of New York and Empower Annuity Insurance Company, which are submitting separate NAIC Climate Risk Disclosure Surveys). EAICA annually measures and tracks Scope 1 and Scope 2 carbon emissions from purchased electricity for its own facilities. Data to support this is collected from utility bills, calculated following Greenhouse Gas Protocol methodologies and verified annually by PwC. As a financial institution, EAICA understands that the largest opportunity to address climate change stems from the activities through loans, investments and insurance underwriting. The first step to management is measurement, and throughout 2023 EAICA consistently aimed to increase the proportion of financed emissions calculated in the general account.

A key outcome of EAICA's baseline of carbon footprint within its investment portfolio is prioritizing areas of potential climate risk due to high emissions with the intent of then engaging with underlying investees. Engagement is used to influence behavior over time to reflect financially material concerns. In this case, Lifeco and its subsidiaries take a long-term approach to engagement designed to enhance the long-term value of investments and mitigate reputational risk and negative issues that could materially negatively impact the valuation, fundamental standing, or strategy of the assets. EAICA is using scenario analysis to apply a combination of reduction levers, which may include (but are not limited to): • Engage: Engage with investee companies to promote business models necessary to sustaining value over the long term. • Reduce: Reducing exposure in companies whose strategies do not consider long term, sustainable value creation. • Grow: Prioritize investments in assets with demonstrated long term, sustainable value creation. To engage key constituencies on the topic of climate risk and resiliency, EAICA is exploring enhancing responsible ownership of investee companies by participating in a collaborative ESG engagement program. EAICA is signed up to a third-party Thematic Engagement program through which investee companies are engaged on improving mitigation of climate-related risk.

In addition to the analysis of climate risk and opportunity at the EAICA level, at the Lifeco level climate-related risk types assessed (and the actual and potential impacts) include current regulation, emerging regulation, reputation, and from the perspective of potential impact to holdings in the EAICA portfolio: technology, legal, market, acute physical and chronic physical among others.

Plans to reduce or mitigate carbon emissions are managed under Lifeco's ambition and net zero interim goals.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term. In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30years as long term.

Short-term

The definition of short-term will vary depending on the process, initiative, or objective. With respect to the classification of current and emerging risks, EAICA generally considers the short term to be 0–5 years. EAICA’s risk function has not identified any material short-term climate-related risks within the investment portfolio.

Medium-term

The definition of medium-term will vary depending on the process, initiative, or objective. The timelines reflect NGFS scenarios and are specific with respect to climate change stress and scenario testing. EAICA generally considers the medium term to be 5-25 years. Risk analysis has not identified any material medium-term climate-related risks within the investment portfolio.

Long-term

The definition of long-term will vary depending on the process, initiative, or objective. The timelines have been updated to better reflect NGFS scenarios and are specific with respect to climate change stress and scenario testing. EAICA generally considers the long term to be over 25 years.

Acute physical risk analysis was performed at the Lifeco level (which includes the EAICA investment portfolio). Lifeco considered exposure to increased severity of extreme weather events, such as cyclones, hurricanes and floods in the general account investment portfolio and the effect on the value of its investment portfolios. Lifeco also assessed acute physical risks as part of the NGFS scenario stress test, where they assumed a limited corrective transition response and fallout from extreme weather events that could lead to high mortality rates, property damage, decline in property values, business disruption and a pandemic event.

Chronic physical risk analysis was performed at the Lifeco level (which includes the EAICA investment portfolio). Chronic physical impacts, including changes in precipitation patterns, extreme variability in weather patterns, rising mean temperatures, and rising sea levels on the value of its investment portfolios. For example, in Lifeco’s general account investment portfolio they assessed chronic physical risks as part of the NGFS scenario test, which assumed a limited corrective transition response and fallout from weather events. In particular, potential areas of vulnerability of their investment portfolio were reviewed in bonds and conventional mortgages on properties and real estate holdings in coastal areas.

Climate change scenarios in EAICA’s 2023 ORSA are aligned with the NGFS scenarios and modeled over a long-term time horizon (out to 2100). Each scenario explores a different set of assumptions for how climate policy, emissions, and temperatures evolve.

Orderly Scenarios: assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.

- *“Net Zero 2050”: limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050.*
- *“Below 2°C”: gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C*

Disorderly Scenarios: higher transition risk due to policies being delayed or divergent across countries and sectors.

- *“Divergent Net Zero”: reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use.*

- *“Delayed Transition”*: assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO2 removal is limited prior to 2030.

Hot House World Scenarios: While climate policies are implemented in some jurisdictions, global efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise.

- *“Nationally Determined Contributions (NDCs)”*: assumes all pledged policies are effective even if not yet implemented
- *“Current Policies”*: assumes that only currently implemented policies are preserved, leading to high physical risks

Each of these Climate Change scenarios are highlighted by lower equity levels than the baseline scenario. Given the long-term time horizon for the Climate Change scenarios to evolve, a modified and simplified modeling approach is used compared to the other ORSA scenarios. Beyond projection year 5, business is assumed to remain static (new business replaces runoff such that the current size of business and profitability levels are maintained). Earnings for EAICA remain level at \$~1.7bn per year. To capture the long-term impact of the scenarios, a metric of 100% of accumulated earnings was used.

The Net Zero 2050 Orderly scenario is the most adverse as policies are adopted to address climate change early in the projection period, subjecting organizations to significant transition costs. The Delayed Transition Disorderly scenario eventually follows a similar pattern as the Net Zero 2050 Orderly scenario from a policy perspective, which implies lower transition costs to organizations, but is ultimately less effective at mitigating climate risk. The impacts to EAICA’s earnings between the two scenarios start to converge towards the end of the scenarios as greater costs are incurred in the Disorderly scenario. The Current Policies Hot House World scenario has minimal earnings impact for much of the projection period, but eventually the impacts become significant, resulting in a sharp decline in accumulated earnings.

Assumptions used from NGFS include GDP, Equity, Real Estate, Interest Rates, Inflation, and currency for USD vs. CAD.

The 2024 ORSA has not been finalized, but work is ongoing to continue to evolve modelling of climate change and risks that are being assessed.

B. Describe the impact of climate-related risks and opportunities on the insurer’s business, strategy, and financial planning. In describing the impact of climate-related risks and opportunities on the insurer’s business, strategy, and financial planning, insurers should consider including the following:

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

EAICA does not provide products or services to support the transition to a low carbon economy. Historically, carbon impacts have been implicitly imbedded in EAICA’s research process when investing in high carbon emitting industries/companies. The duration of investments in these industries/companies has tended to be shorter (<10 years) in recognition of accelerating trends in reducing carbon footprints.

More recently, in support of moving to a low carbon economy, EAICA has increased investments in areas such as wind and solar. Most of these investments have been through private placement efforts.

Climate-related risks and opportunities have impacted financial planning in several manners including:

Revenues: While climate-related events do not pose significant risks or opportunity from a revenue standpoint, EAICA does consider potential revenue losses in the financial planning process in the context of loss of fee revenue due to stock market decline. Fee revenue may fall if the stock market declines due to climate-related impacts.

Direct costs: While climate-related events do not pose significant risk or opportunity on operating costs that could be substantive to the business, EAICA does factor energy costs as part of the financial planning process. For example, EAICA has increased investments into more energy efficiency programs in owned corporate properties, including building equipment retrofits, data center optimization and green buildings. While these are important efficiency improvements, the energy spend is less than 1% of Lifeco's overall expenditures, and therefore these are not noticeable increases in operating costs.

Capital Expenditure: EAICA has not identified significant climate-related risks and opportunities, and therefore has not had to factor them into capital expenditures as part of the financial planning process. Resilience is built into owned corporate properties, many of which are located in areas that have relatively lower exposure to climate-related extreme weather patterns.

Access to capital: EAICA has not identified significant short or medium-term climate-related risks or opportunities, and therefore has not had to factor them into access to capital considerations as part of the financial planning process.

Assets: EAICA regularly considers opportunities to invest into cleaner energy. As of 12/31/2023, the Lifeco General Account (which EAICA's investment portfolio is part of) invested over CAD \$6.5 billion in renewable energy projects, which included wind, solar, and hydro energy projects.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Modeling has been completed at the EAICA level. Using NGFS scenarios, the Net Zero 2050 Orderly scenario is the most adverse as policies are adopted to address climate change early in the projection period, subjecting organizations to significant transition costs. The Delayed Transition Disorderly scenario eventually follows a similar pattern as the Net Zero 2050 Orderly scenario from a policy perspective, which implies lower transition costs to organizations, but is ultimately less effective at mitigating climate risk. The impacts to EAICA's earnings between the two scenarios start to converge towards the end of the scenarios as greater costs are incurred in the Disorderly scenario. The Current Policies Hot House World scenario has minimal earnings impact for much of the projection period, but eventually the impacts become significant, resulting in a sharp decline in accumulated earnings.

Assumptions used from NGFS include GDP, Equity, Real Estate, Interest Rates, Inflation, and currency for USD vs. CAD.

Using a sector-specific analysis of the investment portfolio, within the general accounts EAICA assessed its asset portfolio against climate scenarios and identified 9% of potential areas of vulnerability mainly within bonds, conventional mortgages, real estate holdings and equity sectors. However, the inherent diversification of these investments limits exposure to such vulnerabilities. For example, within bond holdings in potentially vulnerable sectors, EAICA inherently maintain high quality holdings that are of shorter duration (less than 10 years) than the rest of the portfolio limiting the concentration risk to vulnerable sectors. Commercial mortgage properties are regionally diversified and vulnerable properties have P&C insurance. In the U.S. separate hazard policies are required for commercial mortgage property in flood/hurricane zones. As a result of the analysis, it was concluded that the balance sheet remains strong and resilient with respect to the climate change scenarios. Meanwhile, the results have directly informed strategies to consider selectively trimming exposure in longer maturities, limits related to vulnerable industries and coverage of P&C insurance on vulnerable properties.

Risk Management – narrative

3. Disclose how the insurer identifies, assesses, and manages climate-related risks. In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

A. Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

EAICA does not currently underwrite mortality risk; all existing mortality exposure is closed in runoff. EAICA uses reinsurance to keep aggregate mortality impacts within risk tolerance. EAICA does issue small amounts of longevity risk associated with individuals electing to annuitize under group annuity contracts and does sell variable annuities with guaranteed living withdrawal benefits through retirement plans. While current levels of mortality and longevity risk are not significant to EAICA's overall risk profile, there has been no observed material impact from climate risk. EAICA has not taken any steps to encourage policyholders to manage their potential physical and transition climate related risks.

In order to assess the potential impact climate change on the General Account on a range of outcomes, six scenarios were used as described below consistent with the NGFS scenario framework – orderly, disorderly and hot house world scenarios. The scenarios were modelled over a long-term time horizon. Each scenario explores a different set of assumptions for how climate policy emissions and temperature evolve.

Orderly Scenarios: Assumes climate policies are introduced early and gradually become more stringent. Both physical and transition risks are relatively subdued.

- *“Net Zero 2050”: limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050*
- *“Below 2°C”: gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C*

Disorderly Scenarios: higher transition risk as policies are delayed or divergent across countries and sectors

- *“Divergent Net Zero”: reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors leading to a quicker phase out of oil use*
- *“Delayed Transition”: assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO2 removal is limited prior to 2030.*

Hot House World Scenarios: While climate policies are implemented in some jurisdictions, global efforts are insufficient to halt significant global warming; results in severe physical risk including irreversible impacts (e.g. rises in sea-levels)

- *“Nationally Determined Contributions (NDCs)”: assumes all pledged policies are effective, even if not yet implemented*
- *“Current Policies”: assumes that only currently implemented policies are preserved, leading to higher physical risks*

This includes an assessment of financial implications, and the assessment is performed annually.

As mentioned above, using NGFS scenarios, the Net Zero 2050 Orderly scenario is the most adverse as policies are adopted to address climate change early in the projection period, subjecting organizations to significant transition costs. The Delayed Transition Disorderly scenario eventually follows a similar pattern as the Net Zero 2050 Orderly scenario from a policy perspective, which implies lower transition costs to organizations, but is ultimately less effective at mitigating climate risk. The impacts to EAICA's earnings between the two scenarios start to converge towards the end of the scenarios as greater costs are incurred in the Disorderly scenario. The Current Policies Hot House World scenario has minimal earnings impact for much of the projection period, but eventually the impacts become significant, resulting a sharp decline in accumulated earnings.

Assumptions used from NGFS include GDP, Equity, Real Estate, Interest Rates, Inflation, and currency for USD vs. CAD.

To further describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered: EAICA's assets were analyzed to calculate annual reductions based on the International Energy Agency (IEA) 1.5°C scenario industry carbon budget allocation (e.g., mixed sector, energy, transport pathway). The percentage reductions vary between 2030, 2040 and 2050 across industries, with interim linear reductions. In a separate Status Quo scenario, EAICA calculated annual increases based on the RCP 4.5 scenario and the share of companies within industries expected not to reach net zero by 2050. The share of companies expected to reach net zero was modelled according to the IEA 1.5°C scenario. The time frames used for these two scenarios were out to 2050. Examples of asset classes included are corporate bonds and equities.

B. Describe the insurer's processes for managing climate-related risks.

EAICA aims to reduce and mitigate its carbon emissions and manage climate-related risks as part of its indirect parent company Lifeco's net zero financed emissions goals. To achieve interim net-zero goals in financed emissions across asset classes, EAICA is using scenario analysis to apply a combination of reduction levers, which may include (but are not limited to): • Engage: Engage with investee companies to promote business models necessary to sustaining value over the long term. • Reduce: Reducing exposure in companies whose strategies do not consider long term, sustainable value creation. • Grow: Prioritize investments in assets with demonstrated long term, sustainable value creation.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management. In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

EAICA's principal risks include credit, insurance, market, operational, conduct, and strategic risks. Climate change is explicitly reflected in the risk taxonomy as part of strategic risk. As a result, the processes for managing climate change risks are embedded in the processes for managing each risk type. A key component of the ERM framework is the ongoing assessment of current and emerging risks within direct operations. Through this process, the materiality of risks is assessed based on velocity, probability and impact. Where

material issues are identified, policies and risk management programs, and controls are established to ensure the risks and opportunities are being addressed through consistent guidelines and standards.

EAICA does not currently underwrite mortality risk; all existing mortality exposure is closed in runoff. EAICA uses reinsurance to keep aggregate mortality impacts within risk tolerance. EAICA does issue small amounts of longevity risk associated with individuals electing to annuitize under group annuity contracts and does sell variable annuities with guaranteed living withdrawal benefits through retirement plans. While current levels of mortality and longevity risk are not significant to EAICA's overall risk profile, there has been no observed material impact from climate risk.

In the General Account of Lifeco and also specifically for EAICA, the physical and transition climate-related risks and opportunities of assets covering bonds, mortgages, real estate, and equities are assessed. The assessment is based on NGFS scenarios. The assessment is conducted to determine the balance sheet impacts and to inform mitigation measures and strategies and uses a five year projection.

In addition, EAICA's assets were analyzed to calculate annual reductions based on the International Energy Agency (IEA) 1.5°C scenario industry carbon budget allocation (e.g., mixed sector, energy, transport pathway). The percentage reductions vary between 2030, 2040 and 2050 across industries, with interim linear reductions. In a separate Status Quo scenario, EAICA calculated annual increases based on the RCP 4.5 scenario and the share of companies within industries expected not to reach net zero by 2050. The share of companies expected to reach net zero was modelled according to the IEA 1.5°C scenario. The time frames used for these two scenarios were out to 2050.

Metrics and Targets – narrative

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material. In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following: Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process. In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)

Several vital measurements to understand progress towards Lifeco's net zero ambitions include EAICA's Scope 3 financed emissions, which account for the majority of EAICA's carbon emissions. Lifeco has calculated these across multiple asset classes in Lifeco's General Account (which EAICA is part of). Scope 3 financed GHG emissions were calculated using the proportional emissions from investments. The "Investment-specific method" was used, which involves collecting Scope 1 and Scope 2 emissions from the investee and allocating the emissions based upon the share of Lifeco's investment. This methodology is in line with the Partnership for Carbon Accounting Financials (PCAF) 2020 Global GHG Accounting and Reporting Standard for the Financial Industry (First Edition). Lifeco continues to pilot methodologies for accounting for the carbon footprint of its financed emissions. Accounting for portfolio emissions is evolving day-to-day, as Lifeco's portfolio companies' own emissions reporting capabilities evolve alongside emerging regulations and methodologies that are being refined by industry groups and data analytics providers. Lifeco is actively

enhancing internal methodologies for data compilation and analysis, including refining metrics for portfolio management.

To implement the progress of these programs to reduce emissions, EAICA assessed its asset portfolio against NGFS scenarios including the IEA net zero scenario. The results of the scenario analysis provide recommended reductions thresholds to EAICA between 2022 and 2050 to meet science-based net-zero requirements. To achieve net-zero ambitions across asset classes, Lifeco is using the analysis to apply a combination of reduction levers, which may include (but are not limited to):

- Engage: Engage with investee companies to promote business models necessary to sustaining value over the long term.
- Reduce: Reducing exposure in companies whose strategies do not consider long term, sustainable value creation.
- Grow: Prioritize investments in assets with demonstrated long term, sustainable value creation.

As mentioned above, using NGFS scenarios, the Net Zero 2050 Orderly scenario is the most adverse as policies are adopted to address climate change early in the projection period, subjecting organizations to significant transition costs. The Delayed Transition Disorderly scenario eventually follows a similar pattern as the Net Zero 2050 Orderly scenario from a policy perspective, which implies lower transition costs to organizations, but is ultimately less effective at mitigating climate risk. The impacts to EAICA's earnings between the two scenarios start to converge towards the end of the scenarios as greater costs are incurred in the Disorderly scenario. The Current Policies Hot House World scenario has minimal earnings impact for much of the projection period, but eventually the impacts become significant, resulting in a sharp decline in accumulated earnings.

Assumptions used from NGFS include GDP, Equity, Real Estate, Interest Rates, Inflation, and currency for USD vs. CAD. Equity markets play a strong role related to the record-keeping business model for EAICA.

On catastrophe modelling, in EAICA's general account investment portfolio EAICA assessed chronic physical risks as part of the NGFS scenario test, which assumed a limited corrective transition response and fallout from weather events. In particular, potential areas of vulnerability of the investment portfolio were reviewed in bonds and conventional mortgages on properties and real estate holdings in coastal areas.

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Therefore, related risks apply to EAICA's investment portfolio (Financed emissions, or Scope 3, Category 15). Below are EAICA's Scope 1 and Scope 2 GHG emissions over CY 2023:

Scope 1: 984 tonnes CO₂e

Scope 2: 9,030 tonnes CO₂e

While EAICA recently completed a Category 15 (financed emissions) baseline calculation, EAICA has not yet publicly disclosed its calculations but is providing information about its process and scope as follows:

As noted above, the methodology to calculate financed emissions is in line with the Partnership for Carbon Accounting Financials (PCAF) 2020 Global GHG Accounting and Reporting Standard for the Financial Industry (First Edition). Lifeco (and as part of Lifeco, EAICA) continues to pilot methodologies for accounting for the carbon footprint of financed emissions. Accounting for portfolio emissions is evolving day-to-day, as Lifeco's portfolio companies' own emissions reporting capabilities evolve alongside emerging regulations and methodologies that are being refined by industry groups and data analytics providers.

The financed emissions baseline is of the portfolio holdings as of December 31, 2023 using emissions data as of December 31, 2022. Due to the nature of publicly available emissions disclosure across industries, data lags

by one fiscal year. Emissions are reported per the Partnership for Carbon Accounting Financials (PCAF), utilizing the Global GHG Accounting and Reporting Standard for the Financial Industry.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

EAICA's indirect parent company Lifeco announced its ambition to achieve net zero greenhouse gas (GHG) emissions by 2050 for both operations and investments. In the fourth quarter of 2023, Lifeco set interim net zero goals of reducing its operational carbon emissions by 40% by 2030 (1)(2) and its investment carbon footprint by 37% by 2030 (3)(4)(5)(6). Lifeco does not currently have a comprehensive transition plan in place to achieve its net zero-related goals and ambitions and the timing for developing such a plan and its scope and achievability remain uncertain. Moreover, the data needed to define Lifeco's plan to achieve those goals and ambitions is limited in quality and availability and is inconsistent across the sectors Lifeco chooses to focus on. As a subsidiary, EAICA may be impacted by Lifeco's ambition and interim net zero goals.

¹*Great-West Lifeco Inc.'s goals are aspirational and may need to be recalibrated.*

²*Interim goals are on a 2019 Baseline year.*

³*Great-West Lifeco Inc.'s investment goals for 2030 have been established to reflect the reductions that their investee companies would need to make, to follow the pathways established by the International Energy Agency to limit global warming to 1.5 degrees Celsius.*

⁴*Measured against a 2019 baseline year.*

⁵*Carbon footprint is measured per million dollars invested (tCO₂e/\$m invested).*

⁶*The following asset classes are out-of-scope and excluded from the 37% goal: mortgages, sovereign debt, private debt and equity, and scope 3 emissions of issuers.*