American Amicable Group of Companies
2023 CA Climate Risk Disclosure Survey

Governance – closed ended questions answered (see answers in blue)

- 2. Does the insurer have publicly stated goals on climate-related risks and opportunities? **Yes**
- 3. Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? **Yes**
- 4. Does management have a role in assessing climate-related risks and opportunities? **Yes**
- *5.* Does management have a role in managing climate-related risks and opportunities? **Yes**

Strategy - closed ended questions answered (see answer in blue)

- 6. Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? **Yes**
- 7. Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? **Yes**
- 8. Does the insurer make investments to support the transition to a low carbon economy? **Yes**
- 9. Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? **Yes**

Risk Management – closed ended questions answered (see answer in blue)

- 10. Does the insurer have a process for identifying climate-related risks? **Yes**
- 11. If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? **Yes**
- 12. Does the insurer have a process for assessing climate-related risks? **Yes**
- 13. If yes, does the process include an assessment of financial implications? (Y/N) **No**
- 14. Does the insurer have a process for managing climate-related risks? **Yes**
- 15. Has the insurer considered the impact of climate-related risks on its underwriting portfolio? **Yes**
- 16. Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N) **No**
- 17. Has the insurer considered the impact of climate-related risks on its investment portfolio? **Yes**
- 18. Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N) **No**
- 19. Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N) **No**

Metrics and Targets – closed ended questions answered (see answer in blue)

- 20. Does the insurer use catastrophe modeling to manage your climate-related risks? **No**
- 21. Does the insurer use metrics to assess and monitor climate-related risks? **Yes**
- 22. Does the insurer have targets to manage climate-related risks and opportunities? **Yes**
- 23. Does the insurer have targets to manage climate-related performance? **Yes**

2022
TCFD REPORT

Report based on the Task Force on Climate-related Financial Disclosures recommendations

iA Financial Group

Caution regarding forward-looking statements

This report may contain statements relating to strategies used by iA Financial Group or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may", "will", "could", "should", "would", "suspect", "expect", "anticipate", "intend", "plan", "believe", "estimate", and "continue" (or the negative thereof), as well as words such as "objective", "goal", "guidance", "outlook" and "forecast", or other similar words or expressions. Such statements constitute forward looking statements within the meaning of securities laws. Forward-looking statements in this document include, but are not limited to, information regarding (i) iA Financial Group's strategies for reducing GHGs, offsetting emissions and assessing and adapting to climate change risks; (ii) iA Financial Group's initiatives to integrate climate considerations into its investment process, update its climate strategy, implement sound climate change risk management, build resilience to the physical impacts of climate change and implement a climate risk governance framework; and (iii) iA Financial Group's objectives for mitigating climate change risks. These statements are not historical facts, but represent only expectations, estimates and projections regarding future events and are subject to change.

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. In addition, certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from the predictions, forecasts, projections, objectives, expectations, conclusions and other forward-looking statements expressed or implied in such statements. In addition, many of the assumptions, standards, metrics and measures used in the preparation of this report continue to evolve and are based on assumptions considered reasonable at the time of writing, but their accuracy should not be considered guaranteed.

Material factors and risks that could cause actual results to differ materially from those projected, many of which are beyond the control of iA Financial Group and the effects of which may be difficult to predict, include: weather conditions and events; the ability to collect and verify environmental impact data; the ability to successfully implement various initiatives across the business in a timely manner; the legal and regulatory environment; compliance and regulatory risks (which could expose iA Financial Group to a variety of legal or regulatory actions that could result in regulatory constraints, penalties and fines); and strategic, reputational, competitive, legal and regulatory, and systemic risks. In addition, while iA Financial Group is committed to the achievement of its commitments and to the attainment of its climate-related targets and objectives, external factors beyond its reasonable control may impede their achievement, including: varying decarbonization efforts across economies; the need for harmonized climate policies globally; more and better data; reasonably supported methodologies; technological advances; a balance between interim funded emissions and reduction targets and an orderly and fair transition; and other important considerations, including legal and regulatory obligations.

The material assumptions and factors used in the preparation of the forward-looking statements contained in this report are discussed in the section "Climate-related risks and opportunities." Additional information about the material factors that could cause actual results to differ materially from forecasts and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the *2022 Management's Discussion and Analysis*, the "Management of Risks Associated with Financial Instruments" note to the *Audited Consolidated Financial Statements for the year ended December 31, 2022*, and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at sedar.com.

The forward-looking statements in this document relate to future events or results and reflect iA Financial Group's expectations at the date of its publication. They are part of the context of climate change and detail the company's or industry's growth, operating results, performance and business prospects and opportunities, as well as its environmental, social and governance objectives, vision and strategic targets. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

About iA Financial Group

Company profile

iA Financial Group is one of the largest insurance and wealth management groups in Canada, with operations in the United States. Founded in 1892, it is an important Canadian public company and is listed on the Toronto Stock Exchange under the ticker symbols IAG (common shares) and IAF (preferred shares). iA Financial Group offers life and health insurance products, savings and retirement plans, RRSPs, mutual and segregated funds, securities, auto and home insurance, multi-residential and commercial mortgage loans and car loans and other financial products and services for both individuals and groups.

Regarding sustainable development, iA Financial Group's ambition is to be a company that contributes to the sustainable growth and wellbeing of its clients, employees, partners, investors and communities. In recent years, the Corporation has strongly affirmed its commitment to advancing its sustainability agenda by adopting the United Nations Sustainable Development Goals, signing the United Nations Principles for Responsible Investment, and implementing the Recommendations of the Task Force on Climate-related Financial Disclosures.

About this report

- This report provides information on our climate change performance for the year 2022 and progress in developing our climate change strategy. Where available and relevant, data is also presented for the previous two years to provide additional context on our performance and results.
- This report is aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") and structured around four themes central to an organization: (i) governance, (ii) strategy, (iii) risk management, and (iv) metrics and targets.
- The data presented in this report includes data from the consolidated company, including its subsidiaries. Any limitations to the data are explicitly noted where relevant and where the information is available.
- Financial data is expressed in Canadian dollars, unless otherwise indicated.
- The terms "we", "us" and "our", "the Corporation" and "iA Financial Group" refer to iA Financial Corporation Inc. and, where applicable, its subsidiaries.
- This report contains forward-looking statements about which you will find more information in the section "Caution regarding forward-looking statements".
- Additional information on the Corporation's climate change and environmental, social and governance ("**ESG**") factors is available in the following documents, which are not incorporated by reference in this report:
  - *2022 Annual Information Form of iA Financial Corporation Inc.* in the section " Sustainable Development";
  - *2022 Annual MD&A of iA Financial Corporation Inc.* in the sections "Sustainable Development – Summary of 2022 Results", "Investments – Sustainable Investment Approach", "Risk Management – Integrated Risk Management Framework – Risks Related to Climate Change", and "Group Savings and Retirement";
  - *2022 Annual MD&A of Industrial Alliance Insurance and Financial Services Inc.* in the sections "Investments – Sustainable Investment Approach" and "Risk Management";
  - *2022 Annual Report* in the section "Sustainable Development";
  - *2022 Carbon Disclosure Project Report*;
  - *2023 Proxy Circular* in the sections "Governance", "Sustainable Development" and "Employment Equity, Diversity, and Inclusion";
  - *2022 Sustainability Report;*
  - "Sustainable Development" section of our website.
- Additional information about the Corporation is also available on our website.
- This report contains references to the iA Financial Group website. These references are provided solely for the convenience of readers. This document also contains links to websites owned and operated by third parties. By clicking on these links, users will leave our website. These links are provided for convenience and additional information only. iA Financial Group is not responsible for third-party websites or their content. iA Financial Group does not incorporate by reference any information posted on ia.ca or any third-party website.

1. Governance

iA Financial Group's approach to climate change is underpinned by a strong governance framework that enables effective monitoring and management of climate-related risks and opportunities.

Board oversight of climate change

The Risk, Governance and Ethics Committee ("**RGEC**") is responsible for overseeing sustainability, including climate change considerations. In addition to receiving quarterly reports from the Vice-President, Investor Relations, Capital Management, Sustainability and Public Affairs, the RGEC also receives regular updates from her on the Corporation's climate strategy.

At the same time, the Investment Committee ("**IC**") is informed of certain aspects related to climate change. With this in mind, we are currently working on implementing a new process to better inform this committee in the future.

The RGEC reports to the Board of Directors and makes recommendations for approval by the Board of Directors, as appropriate. In order to maintain a high level of awareness of climate-related issues, Board members have and will continue to participate in training sessions and events on climate-related topics. In addition, as appropriate, we will review the frequency of reporting to the Board of Directors and the inclusion of climate change as a standing agenda item at committee meetings as our approach to climate change evolves.

Responsible investment oversight at Industrial Alliance Investment Management Inc. ("**iAIM**")

Since 2021, iAIM has adopted a *Responsible Investment Policy* that supports our sustainable finance practices. This policy, under the responsibility of the IC, is reviewed annually. In 2022, oversight of responsible investment was formalized with the appointment of the Vice-President and Head of Sustainable Investment of iAIM. As a result, we are working to develop carbon metrics, as well as climate change reporting to inform the investment team and share its content with relevant teams.

Management's Responsibility for Climate Change

iA Financial Group has developed an internal structure to ensure the integration of climate-related risks and opportunities into our strategy, decision-making and business processes, and to ensure accountability for our response to climate change.

The RGEC is supported in its climate change oversight responsibility by executive officers, including our President and CEO, Chief Risk Officer, Chief Investment Officer, Chief Financial Officer and Vice-President, Investor Relations, Capital Management, Sustainability and Public Affairs.

In addition to the support of executive officers, the Corporation integrates climate change into the mandate of the Sustainability Steering Committee. Together, these individuals are responsible for climate change considerations at iA Financial Group, including the assessment and management of climate-related risks and opportunities on an annual basis. The program established to address climate change is approved and monitored by this committee. This includes, among other things, the goal of reducing GHG emissions by 20% per employee by 2025 (from a 2019 baseline), as well as offsetting emissions calculated in scopes 1 and 2. To ensure that the Corporation continues to pursue its ambition of implementing industry best practices and to provide a robust framework in this ever-changing landscape, iA Financial Group is currently working to update its climate strategy, particularly with respect to its GHG emission reduction targets.

The Investor Relations and Sustainability Department, led by the Vice-President, Investor Relations, Capital Management, Sustainability and Public Affairs and supported by the Sustainability Practice Leader, is responsible for sustainable development. One of the key priorities of this department, in collaboration with the Group Risk Management and Compliance ("**GRMC**"), and iAIM's Vice-President and Head of Sustainable Investment, is climate change. Our work includes identifying, assessing and managing climate-related risks and opportunities, as well as improving climate change disclosure, in line with the TCFD recommendations.

Finally, iA Financial Group's *Sustainable Development Policy* and iAIM's *Responsible Investment Policy* provide a framework for our sustainability practices and governance, including climate change.

2. Strategy

iA Financial Group recognizes that climate change could have an impact on our different business lines, our stakeholders (including customers, employees, partners and investors), and the communities in which we operate. For these reasons, iA Financial Group is working to analyze the degree to which the integration of climate change considerations into our business strategy will be necessary to support our long-term success as a financial institution.

We are motivated by the objective of the Paris Agreement to mitigate global warming and support the United Nations' sustainable development goals. As part of our approach to climate change, we believe that transparency to all of our stakeholders and accountability are of paramount importance. That is why we have been disclosing our responses to the *Carbon Disclosure Project* ("**CDP**") since 2007 and working to integrate the TCFD recommendations within the organization since 2021.

Over the long term, iA Financial Group's approach to climate change aims, on an ongoing basis, to:

1. Reduce greenhouse gas emissions in our operations and investment portfolio;
2. Integrate climate considerations into our investment process;
3. Implement sound climate change risk management and build resilience to the physical impacts of climate change across our operations;
4. Strengthen climate-related disclosure in line with the TCFD recommendations and facilitate disclosure by investment portfolio companies;
5. Contribute to advancing the understanding of the impacts of climate change on the insurance industry.

These objectives focus on climate-related risks and opportunities that could impact our long-term value and that we believe could be material to our key stakeholders, including investors.

Applying a climate lens to our operations

Equally aware of climate-related risks and opportunities, we are focused on developing an enterprise-wide climate change strategy that builds on our existing approach. We have developed and published iA Financial Group's *Climate Change Position Statement* which outlines our climate change commitments and our overall approach. In this report, we examine how climate change factors are impacting our insurance and asset management businesses and the company as a whole. This report shows that climate-related risks and opportunities differ by business line:

— For the life insurance sector, we will start with a review of the studies and work done on the impact of climate change in this area.

— For the general insurance segment, we measure the probable maximum loss of insured products due to weather-related natural disasters, which are reported in the risk management section.

Climate-related risks and opportunities[1]

The tables below present the transition risks (Table 1), physical risks (Table 2) and opportunities (Table 3) related to climate change that the organization has identified in the short (0-3 years), mid (3-10 years) and long (10 years or more) term. For the business lines concerned, we specify the potential impacts of these changes, as well as our strategies to mitigate the risks and seize new opportunities in response to these impacts.

1 This section contains certain forward-looking statements; refer to the section "Caution regarding forward-looking statements" of this report.

Table 1: Transition risks

The risks of transitioning to a low-carbon economy may involve many of the changes needed to mitigate and adapt to climate change. These changes can occur at the policy, legal, technological and market levels. The magnitude of the financial and non-financial impacts, including reputational impacts, depends on the nature and speed of these changes, among other things.

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Political and legal risks Short term (0-3 years) Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Increased potential for legal disputes over auto and home insurance coverage due to the increased frequency and severity of extreme weather events — Increased indirect (operating) costs to the company due to increased industry-specific disclosure requirements — Difficulties in modeling and pricing risk coverage due to the heterogeneity of policies in various geographic regions — Potential for increased capital and cash requirements by regulators	**Insurance** We monitor political and legal developments to understand the potential implications for our business lines and overall corporate strategy. We operate in Canada and the United States, where climate-related policies and legislation are relatively consistent with other jurisdictions around the world. We continue to monitor the efforts of regulators to integrate climate-related risks and opportunities into the supervision of Canadian insurance companies, including the *Autorité des marchés financiers* ("**AMF**") and the Office of the Superintendent of Financial Institutions ("**OSFI**"). Home and auto (multi-risk insurance) insurance policies currently represent less than 10% of the group's total business, which mitigates the concentration of iA Financial Group's litigation risk exposure in this category of insurance.
	Asset management — Expectations for increased transparency and reporting on the emissions performance and climate-related risks of portfolio investments — Investors in all asset classes could be exposed to increasing costs of compliance with new policies and regulations to reduce emissions, which would impact investment values — For real estate asset classes, increased operating costs and capital expenditures on emission reduction technologies and solutions	**Asset management** As at December 31, 2022, the Corporation's exposure to high-emission sectors was relatively small (e.g., the oil and gas sector represented less than 3% of the total portfolio), which decreases our exposure to the climate regulation risks of the companies in which our portfolios are invested. We continue to integrate and strengthen the integration of ESG factors, including climate change, into our investment processes, beginning with obtaining the carbon footprint of our listed equity and corporate bonds for our General Funds. Our *Sustainable Investment Policy* outlines our approach to integrating climate-related risks and opportunities into our investment process and reporting to our clients, as well as the United Nations Principles for Responsible Investment ("**PRI**"). We also engage with the companies in which our portfolios are invested to encourage climate-related disclosure in line with the TCFD recommendations.

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Political and legal risks Short term (0-3 years) Mid term (3-10 years) Long term (10 years or more)	**iA Financial Group** — Strengthening the legislative and regulatory framework to reduce GHG emissions in all sectors and geographic regions in order to meet international targets under the Paris Agreement — Increased regulatory disclosure requirements (e.g., *Proposed National Instrument 51-107*) for iA Financial Group as a Canadian public company	**iA Financial Group** We publish and will continue to publish an annual update report based on the TCFD recommendations. As part of our *Climate Change Position Statement*, we are committed to doing our part to proactively address climate-related risks and opportunities, and to improve our transparency and disclosure. iA Financial Group will also review its current GHG emissions reduction targets to ensure that the Corporation continues to follow best practices and has a robust framework.
Technological risks Long term (10 years or more)	**Insurance** — Potential for technology risks to impact the core areas for our life insurance products — Potential for mispricing risks related to new technologies (e.g., electric vehicles) in the general insurance context	**Insurance** As technologies evolve: — We will adapt our insurance products to meet the changing insurance needs of our clients, where appropriate; — We will integrate, where appropriate, relevant technology tools to better understand and track the impact of climate change on general insurance; — We will monitor the evolution or arrival of technological tools to understand and track the impact of climate change on life insurance.
	Asset management — Potential for depreciation, impairment and abandoned assets related to underperforming or obsolete technologies, which could have a significant impact on asset values and portfolio returns	**Asset management** On the one hand, we monitor iA Financial Group's exposure to high-carbon-emissions sectors (such as oil and gas). On the other, we seek to capitalize on opportunities related to green technologies, such as renewable energy, which represent low-emission investment sectors. In 2022, iA Financial Group reached a total of $2.8 billion invested in renewable energy (e.g., solar, hydro, wind and geothermal).

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Market risks Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Current financial modeling assumptions may not capture the impact of climate change on the future direction of insurers' risk exposures, as historical data on climate change loss is insufficient to predict future trends — The potential inability to provide insurance in high-risk geographic areas may result in mispricing or reduced insurance premiums for general insurance products	**Insurance** As part of our continuous improvement process, iA Financial Group monitors market developments, including the transition to a low-carbon economy. We therefore adapt our insurance products to consider all potential market risks. In this sense, we do not expect market risks to directly affect the life insurance sector, which is one of our main activities. It is more likely that they will impact the general insurance sector. However, this sector currently represents less than 10% of our organizational activities and our operations are limited to auto and home insurance in the province of Quebec.
	Asset management — Potential impacts on portfolio investments in carbon-intensive sectors, including oil and gas, transportation, real estate, power generation, heavy industry and agriculture — For real estate portfolios, the emphasis on green building practices has increased in recent years and is expected to continue as tenant demand increases and green technologies are incorporated into new construction and retrofits of existing buildings	**Asset management** Since 2022, iA Financial Group has been calculating the financed emissions of the listed equity and corporate bonds in its portfolio. These results allow us to compare the carbon impact of different assets across sectors according to a methodology recognized by the *Partnership for Carbon Accounting Financials* (PCAF), a financial industry initiative whose objective is to find a common methodology for accounting for GHG emissions, thereby promoting climate transparency. To attract tenants seeking green office space, we have upgraded our real estate portfolio in recent years. As a major real estate owner, iA Financial Group measures environmental performance based on rigorous BOMA BEST® (environmental building standards) and LEED® criteria[2]. BOMA BEST and LEED certification recognize excellence in environmental practices. To date, more than half of the buildings in our real estate portfolio have obtained one of these certifications.
	iA Financial Group — Institutional investors, rating agencies, and other financial market participants are placing increasing emphasis on climate-related market risks, which can impact access to and cost of capital, as well as long-term value	**iA Financial Group** As a publicly traded company, we recognize that our investors, lenders, peers and other capital market participants are increasingly interested in allocating capital to companies with strong climate change performance. We are developing a company-wide climate change strategy to meet capital market expectations and build resilience in the transition to a low-carbon economy.

2 LEED®, and its related logo, is licensed in Canada to the Canada Green Building Council and is used here with permission. LEED® is the preeminent program for the design, construction, maintenance, and operations of high-performance green buildings.

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Reputational risk Short term (0-3 years) Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Potential for negative impacts if general insurance coverage is perceived to be unaffordable due to growing extreme weather events resulting in increased premiums	**Insurance** Since general insurance product pricing can be renewed over shorter time horizons, the risk of perceived unaffordability can be mitigated by improving client knowledge and providing information on rising premiums due to climate change.
	Asset management — Potential for negative public and/or client perception with respect to investments in high-emission sectors and companies — Potential for increasing pressure to commit to net zero GHG emissions by 2050 for iA Financial Group's investment portfolio	**Asset management** Our updated *Responsible Investment Policy* includes a guiding principle on environmental stewardship, the goals of which include reducing the environmental footprint of investments with respect to climate change and energy. We continue to integrate and reinforce the integration of ESG factors, including climate change, in our investment process. We also encourage companies we invest in to provide climate-related disclosure that is aligned with the TCFD recommendations.
	iA Financial Group — Increasing expectations of investors for disclosure on climate-related risks and opportunities, and strategies for addressing climate change in the short, medium and long term	**iA Financial Group** We recognize the importance of addressing climate-related risks and opportunities across our various business lines, and across the company as a whole. To ensure that the Corporation continues to adhere to best practices, we are working on updating our climate strategy, including the definition of new targets and strategies that will better reflect the current context. We will strive to continually improve our alignment with the TCFD recommendations and provide specific information supporting our decisions in the face of climate change.

Table 2: Physical Risks

Physical risks, the other broad climate risk category, can result from climatic events such as increasingly severe flooding (higher physical risks) or longer-term climate changes such as prolonged higher temperatures (chronic physical risks). The financial implications of these types of risks include direct damages to the organization's assets and a financial performance that is affected by changes throughout its entire value chain (e.g., extreme temperature fluctuations affecting the organization's operations or procurement).

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Acute physical risks Short term (0-3 years) Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Potential for an increase in insured losses due to more frequent and severe extreme weather events impacting general insurance clients — Potential for increased morbidity and mortality rates due to more frequent and severe extreme weather impacting life insurance clients	**Insurance** To date, we are monitoring market studies on the subject so as to track and understand the potential physical risks associated with climate change. Details can be found in the "Chronic physical risks" section below. The Corporation's exposure to acute physical risks through its general insurance activities is inherently reduced, as pricing can be reviewed over shorter time horizons to assess evolving risks. This is the case for our general insurance subsidiary, Industrial Alliance Auto and Home Insurance Inc., which adjusts its pricing annually.
	Asset management — Potential for increased operating costs (e.g., maintenance) and lost revenue (due to operational shutdowns) for portfolio companies in response to extreme weather events, resulting in potential impacts to investment returns — Potential for asset depreciation or impacts to the useful life of long-term assets of portfolio companies in real estate and infrastructure asset classes	**Asset management** For our real estate portfolio, we have established a business continuity plan and introduced plans in our offices to minimize waiting periods before the resumption of service and the resulting costs. In the event of a termination of activities, relocations are expected for the Quebec City, Montreal, Toronto and Vancouver business centres for the purposes of continuing operations and thus adapting to the physical impacts of climate change.

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Chronic physical risks Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Growing body of research suggests a potential correlation between climate change impacts and increased mortality and morbidity rates — Increasing chronic droughts and heatwaves may lead to more frequent auto and home damages and wildfires, leading to an increase in insured losses	**Insurance** iA Financial Group operates in Canada and the United States, where the countries' overall vulnerability to the negative impacts of climate change are considered low according to the *Notre Dame Global Adaptation Country Index*[3]. In addition, the governments of Canada and the United States have acknowledged the risks posed to their countries by climate change and have announced strategies related to climate change mitigation and adaptation.
	Asset management — Portfolio companies, particularly real asset investments that operate in high-risk areas, may encounter increased costs, disruptions, and shutdowns due to extreme weather events (e.g., coastal erosion, heatwaves, water stress), potentially leading to impacts on investment returns	**Asset management** Our real estate investment process includes a due diligence that incorporates an environmental site assessment, if necessary. Identified risks are insured by contracting specialized insurance. Coverage adequacy is then confirmed by a third-party insurance consultant. Our ambition is to improve our understanding of the impacts of long-term climate change on our portfolio by undertaking detailed analyses of potential impacts.

3 https://gain.nd.edu/our-work/country-index/

Table 3: Climate-related opportunities

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Products and services opportunities Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Potential for increased revenues resulting from increased demand for new and existing life insurance and general insurance products	**Insurance** We actively monitor the changing landscape for insurance products in light of climate change. As our clients' life insurance needs change over time, we will actively seek opportunities to provide new and innovative insurance products to address these changing circumstances. For example, we launched four segregated ESG individual savings and retirement funds in 2022.
	Asset management — Potential for strategic investments in our real estate assets to attract high-quality tenants, minimize vacancy rates and maintain rents — Potential for attracting new clients and growing our client base by offering more ESG and climate change-focused investment products, including social impact investments, as part of wealth management	**Asset management** iA Financial Group offers its clients a wide range of sustainable investment funds. These funds offer a vast array of ESG investment approaches, including positive and negative "screening", "best in category" approaches, ESG integration as well as thematic and impact investments.
Market opportunities Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Potential for expanding insurance products into new and emerging markets — Potential for new insurable markets (e.g., insurance on offset credits for carbon markets)	**Insurance** We are monitoring the North American landscape for new market opportunities created by the transition to a lower-carbon, climate-resilient economy. As insurable markets evolve over time, iA Financial Group may consider expanding its insurance offerings so as to respond to these new opportunities, such as the emerging market for insurance of carbon credits.
	Asset management — Potential for accessing the growing global market for sustainable debt by issuing green bonds or sustainability-linked debt (creation of new types of investment products) — Potential for investing in offset credits in emerging carbon markets — For our real estate portfolio, potential for accessing new sources of government funding and incentives (e.g., grants/tax credits for building retrofits and energy efficiency projects)	**Asset management** We are exploring opportunities to invest in new market prospects focused on mitigating and adapting to climate change. This includes evaluating potential future investments in sustainable debt products. Moreover, in 2022, we issued our first ever sustainable bond, which totalled $300 million, under our *Sustainability Bond Framework*. For our real estate portfolio, we are assessing potential sources of government funding to support investments in our buildings to reduce GHG emissions and build resilience to the growing physical impacts of climate change.

Factor and timeframe	Potential impacts on our operations	Initiatives to mitigate risks or seize opportunities
Resilience opportunities Mid term (3-10 years) Long term (10 years or more)	**Insurance** — Potential for educating life insurance policyholders on the potential health impacts of climate change and benefits of a healthy lifestyle — Potential for educating general insurance policyholders on emergency preparedness in the face of extreme weather events (e.g., fires, floods)	**Insurance** We are exploring ways to engage our clients to help them understand how they can proactively minimize their life insurance risks (improving life expectancy, reducing morbidity). In the general insurance sector, we are raising client awareness of the means that exist for preventing damages to their homes. This measure benefits iA Financial Group because not only does it result in fewer insurance claims and payments made for avoidable losses, it also reduces the reputational risk which, by favouring positive behaviour, reinforces iA Financial Group's status as a good corporate citizen.
	Asset management — Opportunities to invest in new financial products aimed at strengthening climate-related resilience (e.g., catastrophe bonds (CAT)) — Opportunities to invest in companies with strong climate resilience and physical risk mitigation strategies, including in the real estate asset class	**Asset management** Over time, we may capitalize on new opportunities to invest in financial products focused on building resilience to extreme weather events and slow onset average temperature increases causing heatwaves, droughts, sea level rises and coastal erosion.
Resource efficiency opportunities Long term (10 years or more)	**Asset management** — Portfolio companies that pursue resource efficiency opportunities may benefit from reduced operational costs, translating into higher returns and increased free cash flow — For our real estate portfolio, achieving green building certifications, such as BOMA BEST and LEED, will lead to improved water and energy efficiency, reduced operational costs, and increased building value	**Asset management** iA Financial Group is committed to achieving green building certifications. We have already obtained BOMA BEST and LEED certifications for several buildings across Canada, including Gold LEED certification for our Vancouver office, located at 988 West Broadway, where iA Financial Group is also the main tenant.
Energy source opportunities Long term (10 years or more)	**Asset management** — Potential for investing in low carbon sources of energy, such as solar, hydro, wind and geothermal — Potential for investing in supporting high-emission sectors with diversification of energy sources to reduce their emissions	**Asset management** iA Financial Group is already seeking to capitalize on opportunities relating to lower-emission energy sources through its investments in renewable energy. In 2022, iA Financial Group reached a total of $2.8 billion invested in renewable energy (e.g., solar, hydro, wind, and geothermal).

Next steps for strategy

We are committed to improving our understanding of the impacts of climate change on our corporate strategy. This will therefore require continued and progressive work to quantify the potential financial impacts that these risks[4] may have on our various business lines and the group as a whole.

In 2021, iA Financial Group participated in the AMF' survey on climate-change risks. Using the findings of this survey, in 2022 we performed a detailed analysis of the potential implications for the Corporation and presented the results to executive officers. On the strength of these results, in 2023 we intend to implement a climate risk management governance framework and to perform quantitative scenario analyses that will allow us to better position ourselves in terms of these risks. We will continue to monitor the progress made in this climate risk supervisory work nationally and internationally so as to adapt our practices.

4 These quantification exercises will be conducted based on the availability of reliable data and will use methodologies recognized for our various business lines.

3. Risk management

iA Financial Group uses the TCFD's work and the AMF survey results as references for its own climate risk analyses. Our ultimate goal is to assess the potential impacts of these risks for the organization as a whole and for our various business lines.

The potential impacts and probability of occurrence used in the climate change materiality assessment will be aligned with iA Financial Group's internal enterprise risk assessment methodology. This alignment will help ensure that climate-related risks are assessed consistently and proportionately relative to other risks.

iA Financial Group

In the context of our climate change risk assessment work, we drew our inspiration from:

- existing climate-related regulations (e.g., Canadian Securities Administrators Staff Notices, federal climate-related regulations in Canada and the United States, provincial climate-related regulations in Quebec, AMF and OSFI developments);
- climate-related guidance and industry initiatives (e.g., Climate Action 100+, Net-Zero Asset Owner Alliance, Net Zero Asset Manager Initiative, PRI);
- climate change frameworks and standards (e.g., Sustainability Accounting Standards Board ("**SASB**") standards, SASB Climate Risk Technical Bulletins, TCFD recommendations);
- peers' disclosure on climate change.

We will also continue to monitor the progress made in relation to work on the emerging climate regulatory requirements, notably the Canadian Securities Administrator's *Proposed National Instrument 51-107 Disclosure of Climate-related Matters*, the OSFI's draft *Guideline B-15 – Climate Risk Management* and the AMF's oversight project for the sound management of these risks.

Insurance

The *integrated risk management framework* covers all potential risks the Corporation may face, including climate-related risks. iA Financial Group determined that all insurance products may be impacted by risks associated with climate change, but with varying likelihoods or impacts.

The Corporation has established guidelines pertaining to underwriting and claims adjudication risks that specify the Corporation's retention limits. These retention limits vary according to the type of protection and the characteristics of the insureds and are revised regularly according to the Corporation's capacity to manage and absorb the financial impact associated with an unfavourable experience regarding each risk. Once the retention limits have been reached, the Corporation turns to reinsurance to cover the excess risk.

Regarding the general insurance sector, catastrophy models are used to calculate the probable maximum loss ("**PMLs**") from natural disasters so that the Corporation subscribes enough coverage to be adequately protected from this risk. We also consider the potential impact of natural disasters in terms of capital adequacy. We use modelling for certain types of natural disasters, which is incorporated into probable scenarios and analyzed for impact on capital to ensure capital adequacy in a context of sound risk management.

Table 4 provides net data on general insurance representing our exposure to natural disaster risks. This data reflects the growth of our portfolio during the year and potential changes that may have been made to our reinsurance coverage.

Table 4: Net PMLs (as at December 31, 2022)[5]

Net PMLs of insured products due to climate-related natural disasters:

	1 in 50 years	1 in 100 years	1 in 250 years
Hurricanes	$2,088,000	$7,000,000	$7,000,000
Tornadoes	$7,000,000	$7,000,000	$7,000,000
Tsunamis	N/A	N/A	N/A
Floods	$7,000,000	$7,000,000	$7,000,000
Droughts	N/A	N/A	N/A
Extreme heat	N/A	N/A	N/A
Winter weather	$7,000,000	$7,000,000	$7,000,000

Lastly, we integrate environmental risks into the individual general insurance contract underwriting process. For instance, in the case of home and auto insurance risks, the jurisdiction in which an insured resides is factored into the pricing, as environmental risks differ from one jurisdiction to the next. This information can be found in the history of losses per jurisdiction that we use for setting adequate rates for insureds.

5 "N/A" in this table means that certain types of natural disasters are not currently modelized, either because studies are not available or the likelihood that these natural disasters will significantly affect our general insurance business in the province of Quebec is too low. We are following the studies and will add them as they become available.

Asset management

To iA Financial Group, asset management includes both the investments we make through our portfolios and those we make in real property. Climate change could generate risks and opportunities in both cases, which is why we need to consider transition risks as well as physical risks. In the context of our due diligence process when acquiring a new property, we can demand one (or several) environmental site assessment(s).

As asset managers, investors, and stewards of our clients' assets, we continue to integrate climate change considerations in the investment process. The Corporation therefore measures its exposure to transition risks through its investment portfolio in terms of its overall exposure to high-emission sectors and has started to measure funded emissions associated with the listed equity and corporate bonds of the companies in its portfolio. Moreover, our *Responsible Investment Policy* sets guidelines for integrating ESG factors into the investment process for our investments and includes a section on our climate change approach.

We encourage all companies in which our portfolio is invested to provide disclosure on climate-related risks that are aligned with the TCFD recommendations to improve data availability and our own ability to assess our portfolio's exposure to climate-related risks.

Managing climate-related risks and integration into overall risk management process

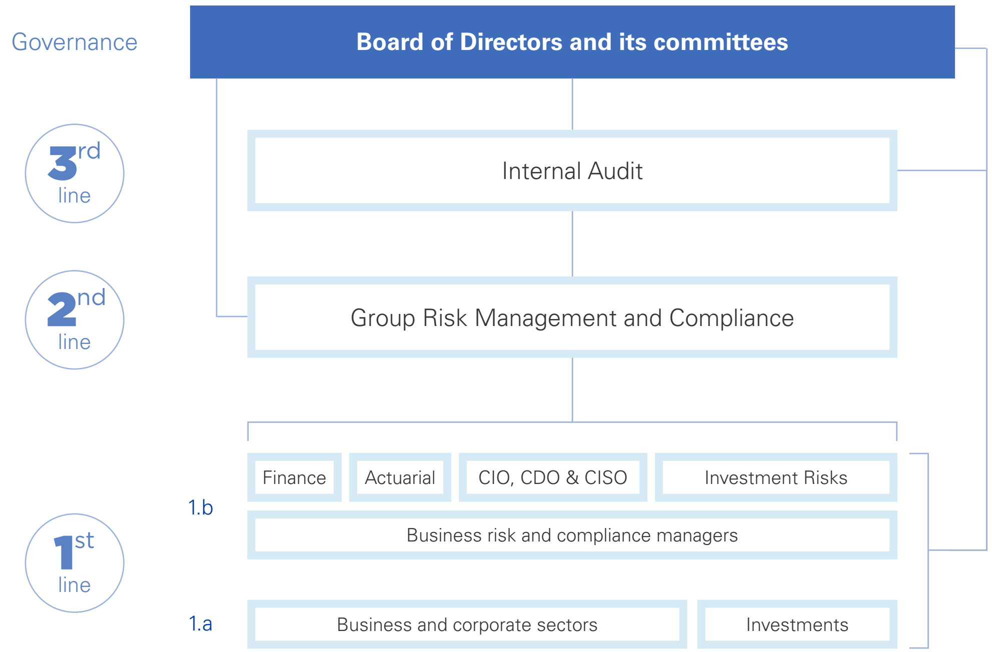
Climate-related risks are covered by our *Corporate Integrated Risk Management Policy* (the "**Policy**"). This Policy provides for the governance of integrated risk management based on the three lines of defense model. This approach relies on the implementation of risk management measures and coordinated controls within iA Financial Group.

The **first line of defense** is composed of the risk owners. It is responsible for establishing and executing the business strategies in keeping with the Corporation's defined risk appetite and tolerance and ensuring a long-term balance between risk and return. It is also responsible for implementing the appropriate controls and corrective measures based on the risks it is taking and managing on a daily basis, and for applying the principles, frameworks, policies, guidelines, standards, tools and methodologies developed by the second line of defense.

The **second line of defense** is responsible for objectively and impartially monitoring and critically analyzing the risks and controls implemented by the first line of defense. It is also responsible for developing and maintaining the principles, frameworks, policies, guidelines, standards, tools, and methodologies needed to identify, assess, incorporate, track and monitor the current and emerging risks, and to report thereon. This independent and objective risk management function, the GRMC is the responsibility of the Executive Vice-President and Chief Risk Officer ("**CRO**") and the Vice-President and Chief Compliance Officer ("**CCO**"). The GRMC supports the CRO and CCO in the implementation and monitoring of the risk management framework, policies and programs in all of iA Financial Group's sectors.

The **third line of defense** provides independent assurance to senior management and to the Board of Directors regarding the effectiveness and adequacy of the governance, risk management framework and internal control processes.

The graph below presents our overall risk management structure based on the lines of defense described above.



Risk management is an iterative and ongoing process that helps ensure that risks are adequately managed and reflect iA Financial Group's risk appetite and tolerance. This process applies to all current and emerging risks across all risk categories that might arise in all sectors of iA Financial Group, including climate risks. See the *2022 Sustainability Report* for more details on the subject.

Next steps for risk management[6]

To better integrate climate risks into our risk management process, we intend to perform the following work in 2023:

- Update/enhance the climate risk section of our risk appetite and tolerance;
- Perform quantitative scenario analyses (stress tests);
- Draft a governance framework for the risks associated with climate change;
- Determine whether any key elements of our *integrated risk management framework* should be adapted to better reflect the unique nature of climate-related risks;
- Ensure that risk owners and other team members who have risk management responsibilities have the knowledge and capacity needed to effectively identify, assess and manage climate-related risks.

In the upcoming years, we will work on:

- Continuing to deepen our knowledge of climate change and collaborate with iA Financial Group's risk management teams;
- Considering whether additional tools are needed to support the governance framework and management of risks associated with climate change.

6 This section contains certain forward-looking statements; refer to the "Caution regarding forward-looking statements" section of this report.

4. Metrics and targets[7]

iA Financial Group is currently reducing its scope 1 and 2 GHG emissions, as well as those associated with business trips (air, rail, vehicle) and employee commuting, by 20% per employee by 2025 (from a 2019 baseline), in addition to compensating for emissions calculated in scope 1 and 2. Our GHG emissions are calculated in accordance with the *GHG Protocol – Corporate Standard*. We are calculating iA Financial Group's scope 1 and 2 emissions and pursuing the calculation of our scope 3 emissions, including funded emissions and emissions from business travel (air, rail, vehicle) and employee commuting.

Table 5 below outlines our future climate-related metrics and targets for our most relevant climate-related risks and opportunities based on our climate change materiality assessment. In coming years, iA Financial Group will re-visit our climate-related metrics and targets to ensure they continue to reflect our unique business lines and circumstances, as well as our ambition to be, in the future, among the best in our industry in climate change in North America.

Table 5: Metrics and targets

Factors	Climate-related metrics	Climate-related targets
Political and legal risks	— Absolute scope 1 and 2 GHG emissions (metric tons of CO_2e) — Scope 1 and 2 GHG emission intensity (metric tons of CO_2e per unit output) — Gross global scope 1 GHG emissions covered under emissions-limiting regulations (metric tons of CO_2e)	— Complete the technical studies for GHG emission reduction pathways, including conducting first-year qualitative scenario analysis considering a 1.5°C scenario to inform future target-setting — Continue to measure the portfolio's annual carbon footprint, where data is available, to allow for reliable measurement
Acute physical risks	— Percentage of property, infrastructure, or other alternative asset portfolios in an area subject to flooding, heat stress, or water stress — Dollar value of insured losses in general insurance due to extreme weather conditions	— Assess asset vulnerability to acute physical climate-related risks — Complete technical studies to determine overall risk exposure of general insurance to extreme weather events (i.e., annual expected losses from extreme weather events)
Products and services opportunities	— Percentage of annual sales figure invested in R&D for products/services that respond to shifting consumer requirements and preferences as a result of climate change (e.g., insurance products for electric vehicles)	— Initiate technical and market studies to identify and assess opportunities to further integrate climate-related considerations into product and service development
Market opportunities	— Amount invested in sustainable investments (green infrastructures, renewable energy, etc.) — Potential to access the growing global market for sustainable debt by issuing green bonds or sustainability-linked debt	— Initiate technical studies to set a sustainable investment target — Assess how to further enhance the resiliency of the organization's real estate portfolio

7 This section contains certain forward-looking statements; refer to the "Caution regarding forward-looking statements" section of this report.

Next steps for metrics and targets

We are committed to reporting on our progress toward our climate-related targets using the TCFD framework. We examine our climate objectives annually to ensure that we are pursuing our ambition to implement industry best practices and equipping ourselves with a robust framework that lives up to our ambitions. In 2023, we will continue to analyze data on the funded emissions of our portfolio so we can move forward with our climate risk management strategy. We will also strive to enhance targets for scope 3 GHG emissions over time, including in our investment portfolio. In addition, we will work on strengthening the measurement of the overall climate-related risk exposure of our insurance activities to extreme weather and other climate-related repercussions.

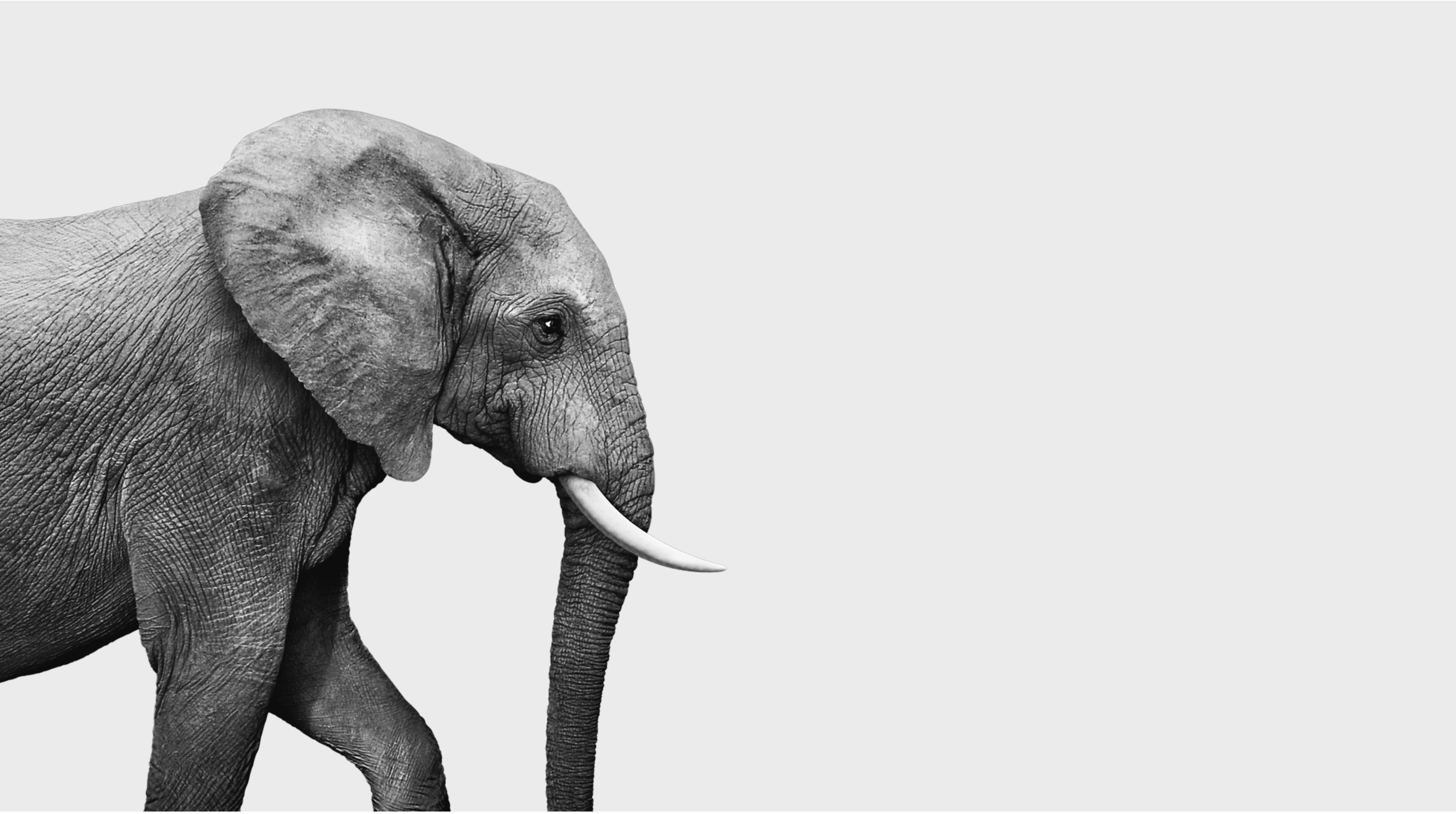
Climate change reporting and disclosure

— In keeping with the TCFD recommendations, we will report on our climate change performance using a phased approach.

— We will strive to continually improve our disclosure of decision-useful climate-related information over time. This includes continuing to enhance climate-related disclosure through relevant topics and metrics aligned with the SASB standards, as well as through our annual CDP climate change questionnaire.

— We will enhance our incorporation of climate-related disclosure into regulatory filings, including a discussion of the financial materiality of climate change factors within the organization.

iA Financial Group's ambition in terms of sustainable development is to contribute to sustainable growth and the wellbeing of its clients, employees, partners, investors and communities. We want to ensure our sustainability by supporting our communities, combining our financial success with a positive environmental and societal impact.



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