American Amicable Group of Companies
2024 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**

2023 TCFD Report

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

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 greenhouse gases (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 2023 *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, 2023,* and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at sedarplus.ca.

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.

iA Financial Group's sustainability approach is to contribute to the sustainable growth and 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. 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 ("**TCFD**").

About this report

This report provides information on our climate change performance for the year 2023 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 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 consolidated data from iA Financial Corporation Inc., 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:
  - *2024 Proxy Circular* in the sections "Governance" and "Sustainability"
  - *2023 Annual Information Form of iA Financial Corporation Inc.* in the sections "Strategic Initiatives" and "Sustainability"
  - *2023 Annual Information Form of Industrial Alliance Insurance and Financial Services Inc.* in the sections "Strategic Initiatives" and "Sustainability"
  - *2023 Annual Report* in the section "Sustainability"
  - *2023 Carbon Disclosure Project Report* (in English only)
  - *2023 Sustainability Report*
  - *2023 Annual MD&A of iA Financial Corporation Inc.* in the sections "Sustainability – Summary of 2023 Results", "Investments – Sustainable Investment Approach", "Risk Management – Integrated Risk Management Framework – Risks Related to Climate Change", and "Group Savings and Retirement"
  - *2023 Annual MD&A of Industrial Alliance Insurance and Financial Services Inc.* in the sections "Investments – Sustainable Investment Approach" and "Risk Management"
  - *2022 Annual Report on the Use of Proceeds from Sustainable Bonds*
  - *2023 Private Transparency Report,* which can be found under our subsidiary Industrial Alliance Investment Management Inc.
  - "Sustainability" 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. 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.

iA Financial Group's *Sustainability Policy* provides a framework for our practices and governance with regard to sustainability, including climate change. More specifically, it specifies the roles and responsibilities of the various internal entities within our organization. In addition, the *Corporate Climate Risk Management Policy* sets out the principles underpinning climate risk management at iA Financial Group.

Oversight of climate change by the Board of Directors and its committees

iA Financial Group's Board of Directors is supported in the performance of its duties by the Risk, Governance and Ethics Committee ("**RGEC**"), notably in the oversight of sustainability, including climate change considerations, and the monitoring of climate risk management. In addition to receiving quarterly reports from the Senior Vice-President, Investor Relations, Capital Management, Sustainability and Public Affairs, the RGEC also receives regular updates from her on the Corporation's climate strategy.

The RGEC is therefore responsible for reviewing these reports and reporting to the Board. It also makes certain recommendations for approval by the Board of Directors, as appropriate. The RGEC also approves the Corporation's major strategic orientations with regard to sustainability. Accordingly, in 2023, the RGEC received a presentation on new greenhouse gas ("**GHG**") reduction targets and approved them.

In parallel with this initiative with the RGEC, the Investment Committee ("**IC**"), in its role of overseeing investments and ensuring that ESG factors are taken into account in investment decisions, also received, for information, a presentation on the new GHG targets to be achieved. It should also be noted that in this same oversight role, the IC was briefed on amendments to Industrial Alliance Investment Management Inc.'s *Sustainable Investment Policy* and received two other ESG-related presentations during the year.

In 2023, in addition to the *Sustainability Policy,* which underwent a thorough revision, a new *Climate Risk Management Corporate Policy* was adopted by the Board of Directors of iA Financial Group, on the recommendation of the RGEC. This policy is part of iA Financial Group's sustainability reference framework, which notably includes ESG factors, since sound risk management is an integral part of corporate governance. The policy takes into account the size, nature and complexity of the Corporation's activities, as well as the specific nature of climate risks, the impacts of which can be felt over short-, medium- and long-term horizons.

In order to maintain a high level of awareness of climate-related issues, in 2023, directors received training on the evolving regulatory framework for sustainability and climate-related changes. Going forward, we plan to hold annual training sessions for directors on sustainability, including any elements relevant to climate change, where necessary. In addition, climate change priorities are reviewed at least once a year by management and the Board of Directors, as the latter approves this report in particular.

Finally, iA Financial Group's Board of Directors also approved iA Financial Group's ambition, current situation, sustainability priorities and initiatives to come.

Sustainable investment oversight at iAGAM[1]

Since 2021, Industrial Alliance Investment Management Inc., a wholly owned subsidiary of iA Financial Group that also acts as our investment manager, has adopted a *Sustainable Investment Policy* that supports our sustainable finance practices and applies to all iA Financial Group managed assets and investment activities. Among other things, this policy provides a framework for managing the environmental footprint of our investments.

The policy also sets out various means of combatting climate change, from integrating ESG factors into investments to active engagement to promote the low-carbon transition.

[1] "iA Global Asset Management" and "iAGAM" are trademarks of and other names under which Industrial Alliance Investment Management Inc. and iA Global Asset Management Inc. operate.

Management’s responsibility for climate change

iA Financial Group has established 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 sustainability oversight responsibility, which also includes climate change impacts, by executive officers, including our President and CEO, Chief Risk Officer, Chief Investment Officer, Chief Financial Officer and Senior 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 and this committee are responsible for climate change impacts at iA Financial Group, including the assessment and management of climate-related risks and opportunities on an annual basis. The program established to help fight climate change is approved and monitored by this committee, including the various GHG reduction targets.

The Investor Relations and Sustainability Department, led by the Senior Vice-President, Investor Relations, Capital Management, Sustainability and Public Affairs and supported by the Director, Sustainability (the “**Department**”), is responsible for sustainability, of which one of its primary priorities is climate change. In collaboration with the Risk Management and Compliance Group (“**RMCG**”), and iAGAM’s sustainable investment team, the Department’s work includes identifying, assessing and managing climate-related risks and opportunities, as well as improving climate change disclosure, in line with the recommendations of the TCFD.

Role of the employees

In 2023, iA Financial Group revised its *Code of Business Conduct,* to include a section specific to climate action. It also revised its *Sustainability Policy* to better integrate climate change into its levers and objectives, which include contributing to a sustainable future, something that cannot be done without everyone, including our employees, playing their part. We are also striving to improve and mitigate the impact of our operations, and we are convinced that this also involves our employees. That is why we want to encourage and raise awareness among all our employees. The *Code of Business Conduct* therefore encourages employees to be aware of the Corporation's commitments when it comes to fighting climate change, and to act in accordance with these ambitions. The *Sustainability Policy* presents the three action levers that can be integrated into iA Financial Group’s operations, specifically through our employees. This formalization thus represents a first step that will require further effort and additional initiatives to be developed in the coming years. From 2024, we plan to develop employee training and awareness activities to better integrate climate change into our operations and have a positive impact on the environment. Employees committed to climate action become indispensable ambassadors not only for iA Financial Group, but for society as a whole.

2. Strategy

iA Financial Group recognizes that climate change could have an impact on its various business lines, its stakeholders (including clients, employees, partners and investors) and the communities in which it operates.

In 2020, iA Financial Group defined its climate strategy, which consists of five objectives that focus on climate-related risks and opportunities that may impact our long-term value and that we believe may be material to our key stakeholders, including our investors. iA Financial Group's approach to climate change, in terms of goals and actions taken, includes:

Long-term goals	Actions taken and specific measures to achieve these goals
1. Reduce greenhouse gas emissions in our operations and investment portfolio	— In 2023, iA Financial Group updated its decarbonization strategy, particularly for its GHG emission reduction targets, where new targets were adopted. By 2035 (using 2022 as the base year), we aim to: 1. Act as a responsible corporate citizen by reducing the GHG emission intensity of our Canadian real estate holdings by 60%[2]; 2. Act as a responsible investor by reducing the carbon intensity of our public corporate bond portfolio by 40%.[3]
2. Integrate climate considerations into all processes and decisions, including our investments	— Our roadmap includes integrating climate considerations into our strategy, decision-making and reporting processes, our risk taxonomy and, more broadly, all our activities. — For example, in 2024, we will begin analyzing and mapping the exposure of our investments according to some industries to develop an action plan, and we will revise the section on climate risks in the *Risk Appetite and Tolerance Statement,* including the indicators to be included in reporting.
3. Implement sound climate change risk management and build resilience to the physical impacts of climate change across our operations	— In 2023, we adopted our first *Climate Risk Management Corporate Policy,* which provides a framework for our processes and practices in this area. At the same time, we also developed a roadmap for future work.

[2] With the exception of a few buildings.

[3] The portion subject to our decarbonization commitment corresponds to investments of around $13.5 billion as of January 16, 2023.

Long-term goals	Actions taken and specific measures to achieve these goals
4. Strengthen climate-related disclosure in line with the TCFD (or any future equivalent) recommendations and facilitate disclosure by investment portfolio companies	— iA Financial Group remains committed to transparency with its stakeholders, which discloses the following: – This report based on the recommendations of the Task Force on Climate Related Financial Disclosures. – The *2023 CDP Report.* – The *2022 Sustainable Bond Framework,* based on the International Capital Market Association (ICMA) *2021 Sustainability Bond Guidelines, 2021 Green Bond Principles and 2021 Social Bond Principles,* and the *2022 Annual Sustainability Bond Use of Proceeds Report.* – The *2023 Private Transparency Report.* – GHG accounting in accordance with the GHG Protocol and the Partnership for Carbon Accounting Financials (in the appendix to our *2023 Sustainability Report*). In addition, we are monitoring the development of climate change standards and regulatory frameworks, such as IFRS S1/S2, CSDS 1/CSDS 2 and Autorité des marchés financiers' ("**AMF**") draft Climate Risk Management Guideline.
5. Contribute to advancing the understanding of the impacts of climate change on the insurance industry	— In 2023, iA Financial Group established a sustainability community of practice, where members can share common concerns, consolidate expertise and develop new knowledge related to ESG initiatives. — Executives and employees of iA Financial Group also engage with organizations concerned with sustainability and climate change.

Climate-Related Risks

The simplified climate change risk matrix (Table 1) examines how climate change factors could impact our insurance and asset management businesses and the company as a whole. Climate-related risks and opportunities vary by business line:

- 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.
- In life insurance (individual and group), we monitor industry developments and studies on climate-related risks through our partners and various industry bodies.
- In wealth management, we monitor developments in climate-related market and partnership risks, as well as climate-related industry risks, through our regulators, competitors, partners and various committees. In addition, we are increasingly integrating ESG criteria into our evaluation of current and potential partners and investments.
- In the investment area, we integrate ESG criteria into our evaluation of current and potential investments. We also pay close attention to emerging climate risks that could have a material impact on our investments.

For the time being, climate-related risks and the results in the table below are assessed on a qualitative basis. The table presents sectors that could be affected by the risks. Note that these are the results of responses to internal questionnaires and non-exhaustive data and research for now. Like reputational risk, climate risk is considered a cross-cutting risk that can affect both financial and non-financial risk categories. Financial risks include insurance, credit, market and liquidity risks. Non-financial risks include strategic, operational, legal and regulatory risks.

Climate risks can amplify the different categories of risks considered in integrated risk management. As they are difficult to assess in isolation, climate risks are an integral part of the current management of financial and non-financial risk categories, as set out in our *Climate Risk Management Corporate Policy.*

Climate risks manifest themselves in the form of transition risks or physical risks:

— **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.

— **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).

Table 1: Simplified qualitative assessment matrix for climate change risks

	Risk factors related to climate change	iA Financial Group sectors that could be affected					
		General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Financial	**Insurance risk:** The risk of financial loss related to unexpected changes in pricing or provisioning assumptions such as severity, frequency, trend, volatility, or level of occurrence rates.	X	X	X			
Financial	**Credit risk:** The risk of financial loss resulting from the failure of borrowers or counterparties to repay their debts on time.				X		
Financial	**Market risk:** The risk of financial loss related to unexpected changes in the level or volatility of market prices of assets and liabilities.				X	X	
Financial	**Liquidity risk:** The risk that iA Financial Group will not be able to discharge its investments and other assets in a timely manner in order to meet its financial obligations, including collateral needs, when they mature.				X		X
Non-financial	**Strategic risk:** Strategic risk is the risk that internal or external decisions or events will prevent the corporation from achieving its business plan and/or initiatives of strategic importance and thus impede the achievement of its strategic objectives.	X		X	X	X	X
Non-financial	**Operational risk:** The risk caused by inadequate or failing people, processes, and internal systems, or by external events impacting operations.	X		X		X	X
Non-financial	**Legal and regulatory risk:** The risk of being negatively impacted by a change in legislation or regulation, or failing to comply with legislation or regulations already in place where iA Financial Group operates.	X	X	X	X	X	X
Cross-cutting	**Reputational risk:** For the purposes of monitoring and reporting, reputational risk is defined as the aggregate exposure caused by the effectiveness or ineffectiveness of the Corporation's management of other financial and non-financial risks.	X	X	X	X	X	X

Financial Risks

iA Financial Group has identified four main financial risks, each of which is defined in this section and analyzed from the perspective of the Corporation and its business lines in order to establish mitigation plans.

Insurance risk is the risk of financial loss related to unexpected changes in pricing or provisioning assumptions such as severity, frequency, trend, volatility or level of occurrence rates. The main business lines exposed to this risk are life insurance and general insurance. These segments face transition risks, such as the impact of new technologies on their activities or those of their policyholders, including mispricing after new technologies are introduced and inadequate product and service offerings. They also face physical risks, such as the frequency and impact of extreme weather events.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Insurance risk: The risk of financial loss related to unexpected changes in pricing or provisioning assumptions such as severity, frequency, trend, volatility, or level of occurrence rates	Transition risks	Impact of technologies to better understand and monitor the impacts of climate change on policyholder behaviour	X	X	X			
		Mispricing related to new insurable technologies	X		X			
		Offering inadequate products due to changing client preferences	X		X			
	Physical risks	Frequency and impact of extreme weather events (insured losses, morbidity, and mortality rates)	X	X	X			

The insurance industry is constantly and rapidly evolving, and iA Financial Group must remain flexible in its approach. This means regularly reviewing client needs, current pricing and keeping abreast of and reacting to the emergence of new technologies. Over the next few years, we will monitor climate change developments in the financial sector through various industry reports and associations to better understand what adaptations are needed and what technologies can be used to mitigate potential impacts and improve our valuation models (in both general insurance and life insurance).

Credit risk is the risk of financial loss resulting from the failure of borrowers or counterparties to repay their debts on time. It depends in particular on the quality of the loans underwritten and the ability of borrowers and counterparties to meet their obligations when due. In the face of climate change, iA Financial Group may be exposed to two main credit risks: (1) transition risk, which arises from a decline in the profitability or value of borrowers in sectors with high carbon emissions or subject to litigation and direct action for inadequate management of their climate-related risks, and (2) physical risk, which manifests itself as a decline in the value of the collateral backing the loans.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Credit risk: The risk of financial loss resulting from the failure of borrowers or counterparties to repay their debts on time	Transition risks	Decline in profitability or value of borrowers in carbon-intensive sectors				X		
	Physical risks	Decrease in the value of collateral backed by loans				X		

The Corporation uses derivatives, including swaps, forwards and options, as part of its investment policy. Some of these contracts are used to replicate assets and liabilities and to manage financial risks. In particular, they are used to mitigate credit risk and risks associated with fluctuations in interest rates, currencies and equity markets. With regard to credit risk related to climate change, we monitor developments in this area to integrate them into our lending and investment decisions.

Market risk is the risk of financial loss related to unexpected changes in the level or volatility of market prices of assets and liabilities. In the context of climate change, this risk relates primarily to our investment activities. In the case of transition risks, this may include increased volatility or a decrease in the value of portfolio investments in carbon-intensive sectors or the impairment of stranded assets related to underperforming or obsolete technologies. Physical risks include extreme weather events that result in asset impairment or a reduction in the useful life of long-lived assets.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Market risk: The risk of financial loss related to unexpected changes in the level or volatility of market prices of assets and liabilities	Transition risks	Increased volatility or decrease in the value of portfolio investments in carbon-intensive sectors				X	X	
		Impairment of stranded assets related to underperforming or obsolete technologies				X	X	
	Physical risks	Extreme weather events (increased operating costs and/or loss of revenue, impacting the return on affected investments)				X	X	
		Impairment of assets or reduction of their useful life of long-lived assets (real estate and infrastructure)				X	X	

To mitigate market risk, in 2023 we analyzed our exposure to carbon-intensive companies in the equities and corporate bonds in our investment portfolio. In 2024, we plan to develop an action plan to reduce this potential exposure. We are currently mapping investments in the General Funds portfolio that are exposed to high carbon emitting industries. As a result, we have withdrawn data on this exposure for this year. In addition, iA Financial Group uses its *Credit Risk Corporate Policy* to set concentration limits by emitter to mitigate this risk, among others.

With respect to physical risks, extreme weather events could impact our infrastructure and operating costs. We believe that decarbonizing assets such as buildings will allow us to be self-sufficient and reduce risks and operating costs in the event of natural disasters. In 2023, we analyzed our portfolio of real estate assets to set a new GHG reduction target. In 2024, we plan to roll out our roadmap of investments that can reduce our carbon footprint, ensure compliance with standards and regulations and optimize the value of these various assets.

Liquidity risk is the risk that iA Financial Group will not be able to discharge its investments and other assets in a timely manner in order to meet its financial obligations, including collateral needs, when they mature.

In the context of the transition to a low-carbon economy, the opinion of institutional investors, rating agencies and other financial market participants may affect access to capital. This opinion may be influenced by the organization's climate change stance or portfolio composition. As a result, investors may be more or less inclined to hold the Corporation's shares or bonds, which may affect the cost of raising capital and the Corporation's ability to repay debt as it becomes due.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Liquidity risk: The risk that iA Financial Group will not be able to discharge its investments and other assets in a timely manner in order to meet its financial obligations, including collateral needs, when they mature	Transition risks	Access to capital (or its cost) is influenced by the views of institutional investors, rating agencies and other financial market participants on the organization's climate change posture or portfolio composition				X		X

We conducted, for the first time in 2023, a materiality assessment to understand and consult with our stakeholders on the ESG issues that the Corporation should prioritize going forward. Based on the results of this assessment, climate change has become one of our top five priorities. We plan to repeat this exercise at least every five years to maintain a constructive and open dialogue with our stakeholders, including our shareholders, in addition to the regular meetings we have with them throughout the year. These initiatives are an opportunity for us to take the pulse of our investors and fully understand their expectations and positions.

Non-financial risks

This section defines and analyzes the Corporation's non-financial risks, which fall into three main categories.

Strategic risk is the risk that internal or external decisions or events will prevent the Corporation from achieving its business plan or initiatives of strategic importance. With respect to transition risks, the Corporation may have to make poor policy decisions regarding "green" technologies or withdrawal from carbon-intensive sectors, be unable to provide insurance in certain geographic regions or to certain types of industries or be poorly positioned with respect to climate risks monitored by external stakeholders. In the case of physical risks, extreme weather events could divert the organization's resources, impeding the achievement of its business plan or strategic initiatives.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Strategic risk: Strategic risk is the risk that internal or external decisions or events will prevent the corporation from achieving its business plan and/or initiatives of strategic importance and thus impede the achievement of its strategic objectives	Transition risks	Poor policy choices related to "green" technologies or withdrawal from carbon-intensive sectors				X	X	X
		The potential inability to provide insurance in high-risk geographic areas or to certain types of industries severely affected by climate change	X		X			X
		Poor positioning with respect to climate risks monitored by institutional investors, rating agencies and other financial market participants					X	X
	Physical risks	Extreme weather events that could monopolize the organization's resources, impeding the achievement of its business plan or strategic initiatives	X				X	X

As part of our continuous improvement process, iA Financial Group monitors market developments, including the transition to a low-carbon economy. As things change, we constantly adapt our insurance products to mitigate risk, both for the wellbeing of our clients and for our own organizational health. As a risk manager, an institutional investor and an insurer, we are exploring the practices we need to adopt to implement processes and initiatives that address climate change.

Operational risk is the risk caused by inadequate or failing people, processes and internal systems, or by external events impacting an organization's operations. This risk can have a significant financial and non-financial impact and can arise from a variety of situations. Operational risk is present in all of iA Financial Group's activities.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Operational risk: The risk caused by inadequate or failing people, processes, and internal systems, or by external events impacting operations	Transition risks	Exposure to litigation initiated on the grounds of inadequate management of climate change risks or insufficient disclosure of material risks					X	X
		Legal disputes over coverage of auto and home insurance policies due to the increased frequency and severity of extreme weather events	X		X			X
		Challenges in modelling and pricing risk coverage due to policy heterogeneity across geographies	X		X			
	Physical risks	Storms or other extreme weather events causing property damage or critical business interruption	X				X	X

The physical risk associated with operational risk is reflected in risk modelling and pricing, which is further complicated by the heterogeneity of policies across geographies. Extreme weather events can also cause property damage or disrupt critical business activities. These events can affect production, the delivery of products and services and the safety of employees and the public.

With respect to model-related operational risk, efforts in 2024 will focus on implementing the recently adopted Model *Risk Management Policy.* An inventory of models and a risk assessment of high-materiality models will be conducted to identify critical models. An independent audit of the models will then confirm that the risks are adequately managed.

In addition, a business continuity management program has been implemented across the organization to mitigate the risk of disruption to critical activities following major climatic events. The program includes the development of business continuity plans, the implementation of crisis management measures and the development of a culture of resilience.

Legal and regulatory risk is the risk that a company will be adversely affected by a change in laws or regulations, or that it will fail to comply with laws or regulations in effect in the jurisdictions in which it operates. This risk is present in all areas of an organization's operations, including those of iA Financial Group, particularly with respect to climate change, as laws and regulations are constantly evolving.

Risk factors related to climate change		Examples of potential risks (non-exhaustive list)	iA Financial Group sectors that could be affected					
			General insurance (auto and home)	Life and health insurance (individual)	Life and health insurance (group)	Asset management	Wealth management - Distribution	iA Financial Group (corporate sector)
Legal and regulatory risk: The risk of being negatively impacted by a change in legislation or regulation, or failing to comply with legislation or regulations already in place where iA Financial Group operates	Transition risks	Increased regulatory disclosure requirements and compliance costs	X	X	X	X	X	X
		Strengthening capital and liquidity requirements	X	X	X	X	X	X

Transition risks may include increased regulatory disclosure requirements and rising compliance costs, as well as more stringent capital and liquidity requirements. These regulatory changes can have a significant impact on a company's operations and financial results. Transition risks may also include exposure to litigation resulting from mismanagement of climate change risks or inadequate disclosure of material risks, or legal disputes over coverage under auto and home insurance policies, which may be challenged due to the increased frequency and severity of extreme weather events.

To mitigate legal and regulatory risk, iA Financial Group closely monitors policy and legislative developments in the industries in which it operates to understand the potential impact on its business lines and overall strategy. In addition, the Corporation operates primarily in Canada and the United States, where climate-related policies and legislation are relatively consistent with other jurisdictions around the world.

For several years, iA Financial Group has demonstrated transparency by publishing its climate-related progress, challenges and performance based on recognized frameworks, including:

— The *Sustainability Report,* which incorporates the standards of the Sustainability Accounting Standards Board ("**SASB**")

— The *2022 Annual Sustainability Bond Use of Proceeds Report,* based on the International Capital Market Association (ICMA) *2021 Sustainability Bond Guidelines, 2021 Green Bond Principles* and *2021 Social Bond Principles*

— The *2023 Principles for Responsible Investment Private Transparency Report* (published for the first time this year)

— This report, which incorporates the TCFD recommendations.

Cross-cutting risks

Reputational risk is defined as a risk which affects several categories of financial or non-financial risk, or which is the cause or result of one or more other risks. It can amplify the probability of occurrence or the impact of the various existing risk categories in the Corporation's risk taxonomy. In the context of climate change, the impact on iA Financial Group could take the form of transition risks, such as exposure to carbon-intensive sectors and companies in its investment activities, or heightened investor expectations in the fight against climate change. With respect to physical risks, the Corporation may face insurance coverage that is perceived as unaffordable or premiums that increase due to extreme weather events, which could damage the Corporation's reputation.

Risk factors related to climate change		**Examples of potential risks (non-exhaustive list)**	**iA Financial Group sectors that could be affected**					
			General insurance (auto and home)	**Life and health insurance (individual)**	**Life and health insurance (group)**	**Asset management**	**Wealth management - Distribution**	**iA Financial Group (corporate sector)**
Reputational risk: For the purposes of monitoring and reporting, reputational risk is defined as the aggregate exposure caused by the effectiveness or ineffectiveness of the Corporation's management of other financial and non-financial risks	Transition risks	Exposure to carbon-intensive sectors and companies through investments				X	X	X
		Investors' growing expectations for information on climate-related risks and opportunities, and on short-, medium- and long-term climate change strategies				X		X
	Physical risks	Insurance coverage perceived as unaffordable due to the increase in extreme weather events and the resulting increase in premiums	X	X	X			

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. Our company-wide climate change strategy is designed to try to meet these expectations, but also to strengthen our resilience in the transition to a low-carbon economy. Also, in the interest of transparency and understanding, we maintain an open and constructive dialogue with our stakeholders, including our investors, whether through one-on-one meetings or more formal exercises such as the materiality assessment we conducted for the first time in 2023.

Climate-related opportunities

Climate change can have significant impacts, but it can also present opportunities for the insurance and financial services sectors. The following section of the report highlights potential opportunities for iA Financial Group.

Product and service opportunities

In the insurance sector, we see the potential for increased revenues as a result of increased demand for new and existing general, individual and group insurance products. We are monitoring market developments and looking for opportunities to offer insurance products that address these changing circumstances.

On the asset management side, we already offer our clients a range of sustainable investment funds. These funds offer an array of ESG investment approaches, including positive and negative "screening", "best in category" approaches, ESG integration as well as thematic and impact investments. We can attract new clients and grow our client base by offering more ESG and climate change-focused investment products, including social impact investments, as part of wealth management.

We have also identified investment opportunities related to the asset management of our real estate holdings. By decarbonizing our real estate assets, we can attract new clients (tenants) and improve their quality of life (air, water, etc.) while providing responsible buildings. In 2023, we announced our new decarbonization target for some of our Canadian real estate assets and will work to develop a decarbonization roadmap in 2024.

Market opportunities

In insurance, we are identifying opportunities in the North American market that are driven by changes in insurance demand. For example, the energy transition will impact the demand for energy equipment insurance, and the products and services we offer will need to evolve to meet this demand. We see an opportunity to offer new group insurance products in partnership with distributors and employers, to develop our group insurance products in line with market demand and employers' changing needs, which may include products related to climate change. We have also identified opportunities in emerging insurance markets, such as carbon credit insurance, which iA Financial Group could explore as an avenue to expand its insurance offerings to respond to these new life and health and group insurance opportunities. We intend to monitor these developments and, if the opportunity arises, adjust our offerings accordingly.

In light of these opportunities, in 2022 we issued our first sustainable bond of $300 million under our *Sustainability Bond Framework (2022)*. Our *2022 Annual Sustainability Bond Use of Proceeds Report* shows how much we have allocated to green and/or social categories aligned with the *United Nations Sustainable Development Goals*. On the asset management side, we believe that the transition to a low-carbon economy offers opportunities in various sectors, such as renewable energy and technology. We therefore work to identify companies that are contributing to this transition and are also well positioned to benefit from it. We evaluate companies on factors such as their current carbon footprint and the robustness of their transition plan.

Asset management of real estate portfolios also offers opportunities to respond to the growing challenges of climate change. We are assessing potential sources of government funding that could support investments in our buildings that would reduce our GHG emissions and build our resilience to the growing physical impacts of climate change.

Resilience opportunity

In general insurance, we deliver information on a variety of topics of interest through various communication channels. For several years, we have offered an Advice Zone to help current and potential clients better anticipate certain issues and reduce their risks. In terms of climate change, we cover everything, from what to do in the event of a wildfire to how to prevent damage from the elements such as frost and snow. Nevertheless, we have an opportunity to further educate general insurance policyholders on emergency preparedness in the face of extreme weather events (e.g., fires, floods, etc.). This proactive approach could reduce claims and payouts for preventable events while enhancing our reputation as a responsible corporate citizen.

In life and health insurance (individual and group), we are exploring ways to engage clients to proactively minimize climate-related risks to their health. This could take the form of an information and awareness campaign on the potential impact of climate change on health and the benefits of a healthy lifestyle to improve life expectancy and reduce morbidity.

We have covered various topics through our podcast, such as "Sustainability in the insurance sector" and "The Dollars and Cents of a Changing Planet," with the aim of spreading the word about the potential impact of climate change in the insurance and financial sectors or "Financial tips and property and casualty insurance", which covers the best ways to protect yourself while taking pricing into account.

On the asset management side, we have identified opportunities to invest in new financial products that focus on building resilience to extreme weather events (e.g., catastrophe bonds). We could, for instance, invest in companies with strong climate resilience and physical risk mitigation strategies, including in the real estate asset class.

Resource efficiency opportunities

As asset managers, we have the potential to leverage new resource efficiency opportunities. By responsibly managing our real estate assets, we can reduce operating costs while increasing the value of our buildings, in addition to obtaining market-recognized certifications that demonstrate our intent to be a responsible corporate citizen. With this in mind, iA Financial Group made a commitment several years ago to pursue green building certifications, including BOMA BEST® and LEED®[4] for some of our buildings in Canada.

Energy source opportunities

We have identified investment opportunities in low-carbon energy sources such as solar, hydro, wind and geothermal that contribute to the transition to a low-carbon economy. iA Financial Group is already taking advantage of opportunities in this area through renewable energy investments. In 2023, our total annual investment in renewable energy, including solar, hydro, wind and geothermal, was 2.9 billion dollars, an increase of 3.6% from 2022. We have also identified an opportunity to support high-emission sectors by diversifying energy sources to support the transition to a more sustainable economy.

Next steps for strategy

We are committed to better understanding the impacts of climate change so that we can better integrate these considerations into our long-term business strategy. We plan to implement climate change awareness and training activities from 2024 to deepen the knowledge of employees according to their role within the organization (e.g., portfolio managers, actuaries, product and service managers, etc.).

In parallel, this will therefore require continued and progressive work to quantify the potential financial impacts that these risks may have on our various business lines and the group as a whole.

In 2024, we plan to focus on finalizing our action plans for decarbonizing our Canadian asset and financial portfolios, rolling out our climate risk management roadmap and developing a training and development program on sustainability, including climate change.

We will continue to monitor the progress made in this climate risk supervisory work so as to adapt our practices.

3. Risk management

Guiding Principles

The following guiding principles characterize iA Financial Group's approach to climate risk management.

- **Culture, commitment and accountability:** Achieving sound climate risk management requires a collective commitment to iA Financial Group's culture by adopting the expected behaviours while each assuming their share of responsibility in the face of these risks.
- **Robust governance:** Climate risk management is underpinned by a robust governance structure where the roles and responsibilities of stakeholders are clearly defined, allowing for effective oversight and management of these risks.
- **Integration into all iA Financial Group's frameworks and activities:** Climate risk management is fully integrated into the risk management framework, in the various policies, in each of the risk categories of the Taxonomy, as well as in iA Financial Group's various decision-making and reporting processes.
- **Recognized importance:** iA Financial Group is concerned about climate risks and is aware that the way it manages climate risks could have a direct impact on its success, but also affect its various stakeholders, including its employees and clients. A set of adaptation and mitigation measures are undertaken to mitigate risks and ensure long-term operational resilience.
- **Compliance with regulatory obligations:** The implementation of a climate risk management framework through iA Financial Group will make it possible to meet its regulatory obligations more effectively in terms of management and reporting on the risks associated with climate change. Transparency contributes to financial stability by enabling investors, regulators and other stakeholders to better understand iA Financial Group's risk exposure and climate risk management practices.

Moreover, iA Financial Group has created and implemented a risk management approach rooted in the Lean philosophy and the "three lines of defence" model. The governance of risk management is detailed in the *Integrated Risk Management Corporate Policy,* with which the *Climate Risk Management Corporate Policy* is aligned. This approach divides responsibilities between those who take and control risks, those who monitor them and those who provide an independent assessment of the overall process.

[4] 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.

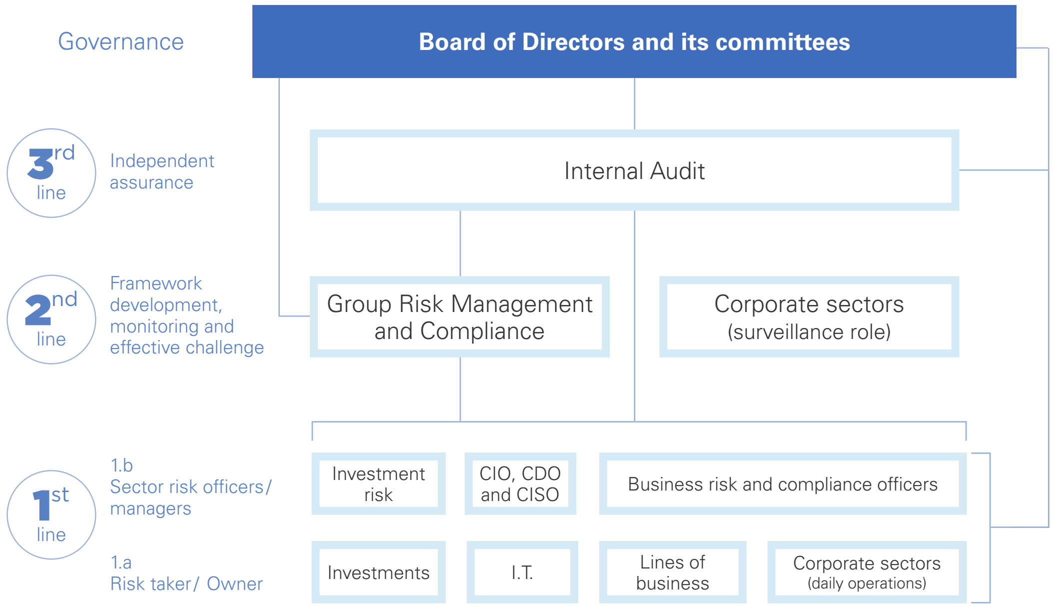
The **first line of defence** is composed of the risk owners. It is responsible for establishing and executing the business strategies in keeping with the Corporation's defined risk appetite and tolerance and ensuring a long-term balance between risk and return. It is also responsible for implementing 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 defence.

The **second line of defence** is responsible for objectively and impartially monitoring and critically analyzing the risks and controls implemented by the first line of defence. 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, under the GRMC, is the responsibility of the Executive Vice-President and Chief Risk Officer ("**CRO**"). The compliance function is the responsibility of the Vice-President and Chief Compliance Officer ("**CCO**") and reports to the CRO. 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 corporate sector performs certain second line of defence activities in its role of surveillance, quality assurance and compliance with corporate policies.

The first and second lines of defence work together to ensure sound and prudent risk management to protect the Corporation's reputation and long-term viability. They are also responsible for reporting regularly to senior management and the Board of Directors on the Corporation's key risks and the steps being taken to manage them.

The **third line of defence**, the Internal Audit, provides objective and independent assurance and risk-based advice 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 defence described above.



The Climate Risk Management Process

iA Financial Group's risk management is an iterative and ongoing process to ensure that risks are adequately managed and that they respect iA Financial Group's risk appetite and tolerance. As part of this process, the risks are considered to be cross-cutting risk factors and integrated into the overall risk management process, the steps of which are shown below:

Note: The detailed steps of the process are described in the Integrated Risk Management Corporate Policy.

In the specific context of climate risk assessment, iA Financial Group relies on relevant data with methodologies established and recognized by the industry, when available, and on expert risk judgments. This assessment is also complemented by scenario analyses or stress tests to validate qualitative assessments, identify vulnerabilities and ensure that a sufficient level of liquidity and capital is maintained, where appropriate.

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

- The work of the TCFD as a starting point for its own climate risk analyses, as a reference for iA Financial Group.
- Existing or future climate-related regulations (e.g., Canadian Securities Administrators Staff Notices, federal climate-related regulation in Canada and the United States, Office of the Superintendent of Financial Institutions ("**OSFI**") guidance, provincial climate-related regulation in Quebec), in particular the AMF's draft *Climate Change Risk Management Guideline* published in December 2023, on which we participated in the public consultation.
- 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., SASB standards, SASB Climate Risk Technical Bulletins, TCFD recommendations).
- Peers' disclosure on climate change.

The potential impacts of climate risks on iA Financial Group and its activities, as well as the negative repercussions on its various stakeholders, must be assessed over several time horizons since they may manifest themselves differently or may even intensify over longer-term horizons (10 years or more).

If a risk does not meet the established tolerance, the escalation of the information related to the exceedance of the tolerance is initiated. The appetite and tolerance for climate risks is defined in the *Risk Appetite and Tolerance Statement,* while limits specific to the risk categories relevant to iA Financial Group will be integrated into the corporate risk management policies or related frameworks, as applicable.

Regular risk and risk management reporting is provided to the Executive Risk Management Committee and the RGEC through the CRO's report. Where appropriate, this reporting may include information on emerging risks or significant events that have occurred to reflect changes in climate risks and climate risk management activities.

Some examples of climate risk management in our business lines (non-exhaustive list)

Life and health insurance

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 when needed 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.

Property and casualty insurance

Regarding the Property and casualty insurance sector, catastrophe 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 2 provides net data on Property and casualty insurance representing our exposure to natural disaster risks.[5] This data reflects the growth of our portfolio during the year and potential changes that may have been made to our reinsurance coverage.

Table 2: Net PMLs of insured products due to climate-related natural disasters (as at December 31, 2023)[6]

	1 in 50 years	1 in 100 years	1 in 250 years
Hurricanes	$2,904,000	$9,000,000	$9,000,000
Tornadoes	$9,000,000	$9,000,000	$9,000,000
Tsunamis	N/A	N/A	N/A
Floods	$9,000,000	$9,000,000	$9,000,000
Drought	N/A	N/A	N/A
Extreme heat	N/A	N/A	N/A
Winter weather	$9,000,000	$9,000,000	$9,000,000

Lastly, we integrate environmental risks into the individual Property and casualty insurance contract underwriting process. For instance, in the case of home and automobile 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] Data for the province of Quebec only.

[6] The symbol "N/A" indicates that some data is not available. 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 Property and casualty 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.

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 corporate bonds of the companies in its portfolio.

Moreover, iAGAM's *Sustainable Investment Policy* sets guidelines for integrating ESG factors into the investment process for our investments and includes a section on our climate change approach. In 2024, we plan to map our portfolio exposure and begin the transition to low-carbon emissions to meet our 2035 target.

In parallel, we continue to 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.

With respect to our real estate portfolio, we plan to implement an action plan to decarbonize first our Canadian buildings and then, in a second phase, add a way to decarbonize our buildings in the United States (which represent less than 2% of the total value of the portfolio). As part of the due diligence during an acquisition, we requisition, among other reports, building condition assessments and phase 1 environmental site assessments (phase 2, if needed).

Next Steps for Risk Management

iA Financial Group is committed to strengthening its resilience to the challenges posed by climate change.

In 2023, the following work was undertaken to further develop our climate risk management framework:

- Formalized the climate risk management governance framework described in the *Climate Risk Management Corporate Policy.* By promoting a better understanding of the impact of climate risks on the conduct of business, the policy aims to ensure informed decision-making with respect to climate risks.
- Developed a roadmap to be able in the future to:
  - Determine the impact of climate change on iA Financial Group's activities and products.
  - Identify and assess climate risks.
  - Strengthen the control environment.
  - Report on changes in climate risks and how effectively they are being managed, particularly through the use of key risk monitoring indicators.

In the coming years, we aim to deepen our understanding of climate risks so that we can better anticipate their impact and capitalize on the opportunities they present. To achieve this, we will continue our efforts to:

- Obtain reliable data to implement meaningful and robust policies.
- Improve the accuracy of our risk assessments by conducting scenario analyses or crisis simulations related to climate risks. This will allow us to validate risk assessments, identify vulnerabilities and ensure that sufficient liquidity and capital are maintained, where appropriate.

4. Metrics and targets

In order to continuously improve our understanding and fight climate change, iA Financial Group has set itself a number of metrics and targets to achieve, with the ambition to be, in the future, among the best in our industry in climate change in North America.

Table 3 presents the GHG emissions data in comparison with the 2022 baseline. iA Financial Group chose this year to set our targets in light of the expanded scope of quantification, i.e. the inclusion of Scope 3 financed emissions for the first time (in 2022). For the 2023 reporting period, total Scope 1 and Scope 2 GHG emissions amount to 10,655 tons of CO2 equivalent. In accordance with the financial control consolidation approach, these emissions are quantified for iA Financial Group assets, more specifically our real estate holdings comprising 36 buildings in Canada, 2 in the United States, and our fleet of 44 vehicles.

Table 3: Total GHG emissions as at December 31, 2023

Emission sources[7]		2022 annual emissions (in tCO_2 e)	2023 annual emissions (in tCO_2 e)
1	Stationary combustion	7,214	6,697
	Mobile combustion[8]	s/o	217
	Halocarbon leaks	435	570
2	Electricity	3,376	3,171
	Heating and steam	147	176
Total Scope 1 and Scope 2 emissions[9]		11,025	10,655
3	Waste	134	139
	Business travel	1,038	3,075
	Employee commuting	1,064	1,139
	Leased assets	3,280	3,213
	Financed emissions	466,214	389,617
Total Scope 3 emissions		471,730	397,183
GHG emissions		482,755 tons of CO_2 equivalent	407,838 tons of CO_2 equivalent

The carbon footprint calculation, its methodology, and explanations of increases and decreases in GHG emissions between 2022 and 2023 are available in our *2023 Sustainability Report.*

[7] All iA Financial Group GHG emissions data are unaudited and provided to the best of our knowledge. We may rely on estimated data to provide a complete data coverage; we aim to collect real data and replace estimated data with real data in the coming years.

[8] Emissions data for mobile combustion were added in 2023, so no data is available for 2022.

[9] In accordance with GHG Protocol guidelines, direct CO2 emissions resulting from the combustion of biogenic materials- including biomass, biofuels and biogas- are excluded from Scope 1 and 2 calculations, and therefore documented in the 2023 Sustainability Report. For this reason, "heating and steam" are not included in Scope 1 and 2 emissions totals, as they relate to the combustion of biogenic materials.

GHG emissions related to our operational activities

In 2023, iA Financial Group updated its decarbonization strategy in order to fight climate change. Developments in the market and our growing knowledge of GHG quantification led us to revise the initial target we had set in 2020—a 20% reduction in GHGs, per employee by 2025, from a 2019 baseline—and replace it with new, more precise targets, adopting an approach more aligned with our reality. By 2035 (from a 2022 baseline), a reduction of:

— 60% in GHG emission intensity of our Canadian real estate holdings[10]

— 40% in carbon intensity of our public corporate bond portfolio

Table 4 presents the progress we made and our current status with regard to these targets. In the coming years, iA Financial Group will review its climate-related metrics and targets to ensure that they continue to reflect our unique businesses and circumstances.

Table 4: Metrics and Targets

Measures	Metrics	Data as at December 31 (in tCO_2 e)		Targets	
		2022	2023	Targets	Degree of completion
Related to operational activities					
Reduce the GHG emissions of our Canadian real estate holdings[11]	Carbon intensity	10,073	9,390	60%	-6.8%
Related to financing activities					
Reduce GHG emissions from our investment activities[12]	Carbon intensity	454	346	40%	-24%

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 recognized industry practices and equipping ourselves with a robust framework that lives up to our ambitions.

In 2024, we plan to work on:

— Continuing the development of a concrete plan to decarbonize our real estate assets.

— Mapping out the exposure of our portfolio and beginning the transition to low carbon in order to reach our 2035 target outlined above.

— Continuing to roll out the climate risk management governance framework, notably by reviewing climate risk appetite and tolerance, analyzing impact (products/activities) and the regulatory gap, and identifying and assessing risks (designing stress tests).

In the coming years, we also intend to adopt new indicators and targets to better track our climate action performance.

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 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.

[10] Based on 36 of our buildings in Canada.

[11] iA Financial Group's Canadian real estate portfolio comprises 36 properties, mainly in Quebec City, Montreal, Toronto and Vancouver. Some buildings are not fully owned by iA Financial Group (less than 100%). Under the financial control consolidation approach, only emissions attributable to stationary combustion, halocarbon leaks and electricity purchases from the share held by iA Financial Group are considered. In other words, building activity data is multiplied by the percentage of ownership. All data relating to iA Financial Group's GHG emissions are unverified to the best of our knowledge.

[12] This data represents the portion subject to our decarbonization commitment, which corresponds to investments of around $13.5 billion as of January 16, 2023.

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