2024 Climate Change Performance Report

Caution regarding forward-looking statements

This *2024 Climate Change Performance Report* (the "**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. In this Report, the forward-looking statements include, but are not limited to information concerning iA Financial Group's strategies, initiatives and goals with regard to sustainability, governance, environmental matters and the fight against climate change, as well as its climate change mitigation and adaptation objectives, including strategies, initiatives and objectives for reducing greenhouse gases (GHGs), and assessing and adapting to climate change risks, integrating climate considerations into iA Financial Group's investment process, updating its climate strategy, implementing sound climate change risk management, strengthening resilience to the physical impacts of climate change and establishing a climate risk governance framework. These statements are not historical facts; they 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. As certain material factors or assumptions are applied in making forward-looking statements, actual results may differ materially from the predictions, the forecasts, the projections, the objectives, the expectations, the conclusions and the other forward-looking statements expressed or implied in such statements. Moreover, many of the assumptions and factors (including standards, metrics and measures) used in preparing 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, including those related to sustainability, which 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 the following: climate conditions and weather events; the need for active and constant stakeholder participation (including governmental and non-governmental organizations, other financial institutions, businesses and individuals); variable decarbonization efforts across economies; the absence of globally harmonized climate policies; the challenges of balancing climate objectives with an orderly and inclusive transition; geopolitical factors that influence global energy needs; the need for more and higher quality climate data and for standardization in climate measurement and verification methods; the ability to implement various initiatives across the business within the set time limits; the risk that initiatives will not be completed on time, will not be completed at all, or will be completed without the expected or anticipated results; compliance of third parties with our policies and procedures and their commitment to iA Financial Group; financial market conditions; the commercial activities, financial results and financial condition of iA Financial Group; the development and deployment of new technologies and methods; changes in consumer behaviour; the local, national or international legal and regulatory framework; compliance and regulatory risks (which could lead to restrictions, penalties and fines); and strategic, reputational and competitive risks. Material assumptions and factors used in preparing the forward-looking statements contained in this Report in connection with iA Financial Group's insurance and asset management business are also set out in the "Identification and assessment" section of this Report.

Additional information regarding certain other important factors that could cause actual results to differ materially from expectations and regarding material factors or assumptions underlying the forward-looking statements can be found in the "Risk Management" section of the *2024 Management's Discussion and Analysis* and in the "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts" note to the *Audited Consolidated Financial Statements* for the year ended December 31, 2024, as well as in iA Financial Corporation's other filings with the Canadian Securities Administrators available at sedarplus.ca or on the iA Financial Group website at ia.ca.

The forward-looking statements contained in this Report relate to future events or results and reflect iA Financial Group's expectations as of the date of this report. iA Financial Group does not undertake to update or review any forward-looking statements to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events, except as required by law.

Additional statements

This Report is intended to provide information from a different perspective and in more detail than is required to be included in documents filed under securities laws. In addition, the information contained in this Report should not necessarily be read as having the materiality level of the disclosure required in documents filed under securities laws.

This Report does not constitute financial, legal, tax, investment, professional or expert advice. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein.

This Report may contain website addresses or hyperlinks to websites that are not owned or controlled by the Corporation. Such addresses or hyperlinks are provided solely for the recipient's convenience; the Corporation is not responsible for these websites or their content, or for any loss or damage that may arise from their use.

iA Financial Group does not incorporate by reference any information posted on ia.ca or any third-party website.

Unless otherwise indicated, the information contained in this Report has not been audited.

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 symbol IAG (common 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 affirmed its commitment to advancing its sustainability agenda by adopting the United Nations Sustainable Development Goals, and, through its subsidiary Industrial Alliance Investment Management Inc., by signing the United Nations *Principles for Responsible Investment*.

In 2024, we began integrating the requirements set out in the Climate Risk Management Guideline (the "**Guideline**") issued by Quebec's Autorité des marchés financiers ("**AMF**"), which came into effect on July 4, 2024. As indicated in the Guideline, it takes into consideration the most recent recommendations issued by standards bodies on climate risk disclosure, in particular those of the now defunct *Task Force on Climate-related Financial Disclosures* (TCFD), based on whose recommendations the Corporation has reported its performance in the past.

About this Report

Our Report provides information on our climate change performance for the year 2024 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. Where data relates to targets, the base year against which progress is measured is also indicated.

— Industrial Alliance Insurance and Financial Services Inc., Industrial Alliance Pacific General Insurance Corporation, Industrial Alliance Auto and Home and Insurance Inc. ("**iAAH**[1]") and Prysm General Insurance Inc. (collectively the "**Reporting Subsidiaries**") are subject to the Guideline. This Report is therefore intended to be a consolidated report on the disclosures required to, in particular, meet the expectations set out in the Guideline. Accordingly, 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. Data specific to the Reporting Subsidiaries is presented where possible.

— Financial data is expressed in Canadian dollars, unless otherwise indicated.

— To simplify the text, the data in some tables has been rounded off, which may affect the total results in some cases.

— 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".

[1] Unless otherwise indicated, the use of the term "**iAAH**" in this Report implicitly includes its subsidiary Prysm General Insurance Inc.

1. Governance

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 *Climate Risk Management Corporate Policy* sets out the principles underpinning climate risk management at iA Financial Group.

1.1. Roles and responsibilities of the Board of Directors

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 oversight of climate risk management. In addition to receiving quarterly reports from the Vice-Presidency, Investor Relations, Sustainability and Public Affairs, the RGEC receives an update on the Corporation's climate strategy from the latter. It also receives quarterly reports on risks and their evolution and management, including climate risks.

The RGEC is therefore responsible for reviewing these reports and reporting to the Board of Directors. 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.

The Investment Committee is responsible for overseeing investments and ensuring that ESG factors are taken into account in investment decisions.

The *Climate Risk Management Corporate Policy* is part of iA Financial Group's sustainability reference framework, which notably includes climate risks, 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 2024, directors completed a training course entitled "Climate disclosures update" covering, among other things, climate reporting and the role of directors in overseeing climate risks and opportunities. In addition, climate change priorities are reviewed at least once a year by management and the respective Boards of Directors of iA Financial Corporation and its Reporting Subsidiaries, as they approve this report in particular.

In accordance with the Guideline, iA Financial Group will see to the review of its compensation programs for executives and other key positions in order to integrate climate risk management into its total compensation strategy.

1.2. Management's roles and responsibilities

iA Financial Group has established an internal structure to integrate climate-related risks and opportunities into its strategy, decision-making and business processes, and fight climate change.

1.2.1. Role of decision-making entities

The Sustainability Executive Committee is the central forum for overseeing the integration of sustainability within the group. This Committee, which meets every quarter, comprises members of senior management and reports to the RGEC on a quarterly basis as well. The Sustainability Executive Committee is responsible for overseeing the development of the process for identifying climate change opportunities, its implementation and, ultimately, established performance indicators. It will also be responsible for reporting to the RGEC on the progress of the work and the indicators (when established) at a set frequency.

This same committee is supported by the Sustainability Steering Committee, which is responsible for establishing iA Financial Group's sustainability strategy, objectives and targets. It also monitors their progress, particularly with regard to the climate transition and the reduction of GHG emissions. The Sustainability Steering Committee is made up of key Corporation representatives, who meet at least quarterly.

The governance of integrated risk management revolves around the Executive Risk Management Committee, made up of members of the Corporation's Executive Committee and which meets five times a year. Its responsibilities include overseeing iA Financial Group's integrated risk management, taking a holistic view of risk, monitoring key risk indicators and reporting to the RGEC. In addition, in collaboration with Group Risk Management and Compliance ("**GRMC**") and representatives of the Reporting Subsidiaries, this committee is involved in defining risk appetite and tolerance, including climate risks.

Furthermore, several members of the Sustainability and Risk Management Executive Committees sit on both committees, ensuring efficient coordination between the various initiatives within the organization, as well as greater collaboration among members.

The management of iAAH's physical risks linked to climate change (which can be likened to insurance risk management), is overseen by the insurance governance function of these entities. As such, the iAAH's Executive Committee is ultimately responsible for insurance risk management, and is supported by iAAH's Risk Management Committee, itself supported by various operational working groups with a focus on pricing, underwriting, reinsurance and claims practices. The risk appetite and tolerance specific to its business are analyzed and recommended by iAAH's Risk Management Committee and its Executive Committee.

Since 2021, iAGAM[2], iA Financial Group's primary portfolio and asset manager, has adopted a sustainable investment policy. This policy aims to provide a framework and guidelines for the consistent and comprehensive implementation of sustainable investment at iAGAM. It also outlines iAGAM's convictions, commitments and approach to sustainable investment. More specifically, this policy informs iAGAM's approach to climate change.

In parallel, reporting on the progress of major GRMC initiatives related to climate risk, such as the implementation of a climate risk management framework, is also done to the Sustainability Executive Committee.

1.2.2. Role of the Sustainability team

The Sustainability team (the "**Team**"), under the Vice-Presidency, Investor Relations, Sustainability and Public Affairs, is responsible for sustainability, of which one of its primary priorities is climate change. In collaboration with the GRMC, representatives of the Reporting Subsidiaries and iAGAM's Sustainability teamwork, the Team works on identifying, assessing and managing climate-related risks and opportunities, as well as improving climate change disclosure.

1.2.3. Role of the employees

The *Sustainability Policy* prioritizes three action levers: 1) physical, mental and financial health 2) education and learning and 3) a sustainable future. The Corporation aims to contribute to the fight against climate change by tracking its environmental performance, reducing its carbon footprint and integrating climate risks into its operations. These initiatives cannot be achieved without everyone playing their part. Consequently, iA Financial Group wishes to motivate and sensitize its employees to act accordingly. 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. In 2024, training and awareness-raising activities, in which employees could participate on a voluntary basis, were developed to more effectively integrate climate change into the Corporation's operations and make a positive impact on the environment. More specifically, the use of sustainable mobility and good food practices to reduce GHG emission were encouraged, thereby supporting healthy lifestyle habits.

1.2.4. Risk Management Framework

As part of the risk management process, iA Financial Group has created and implemented a risk management approach based on 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.

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.

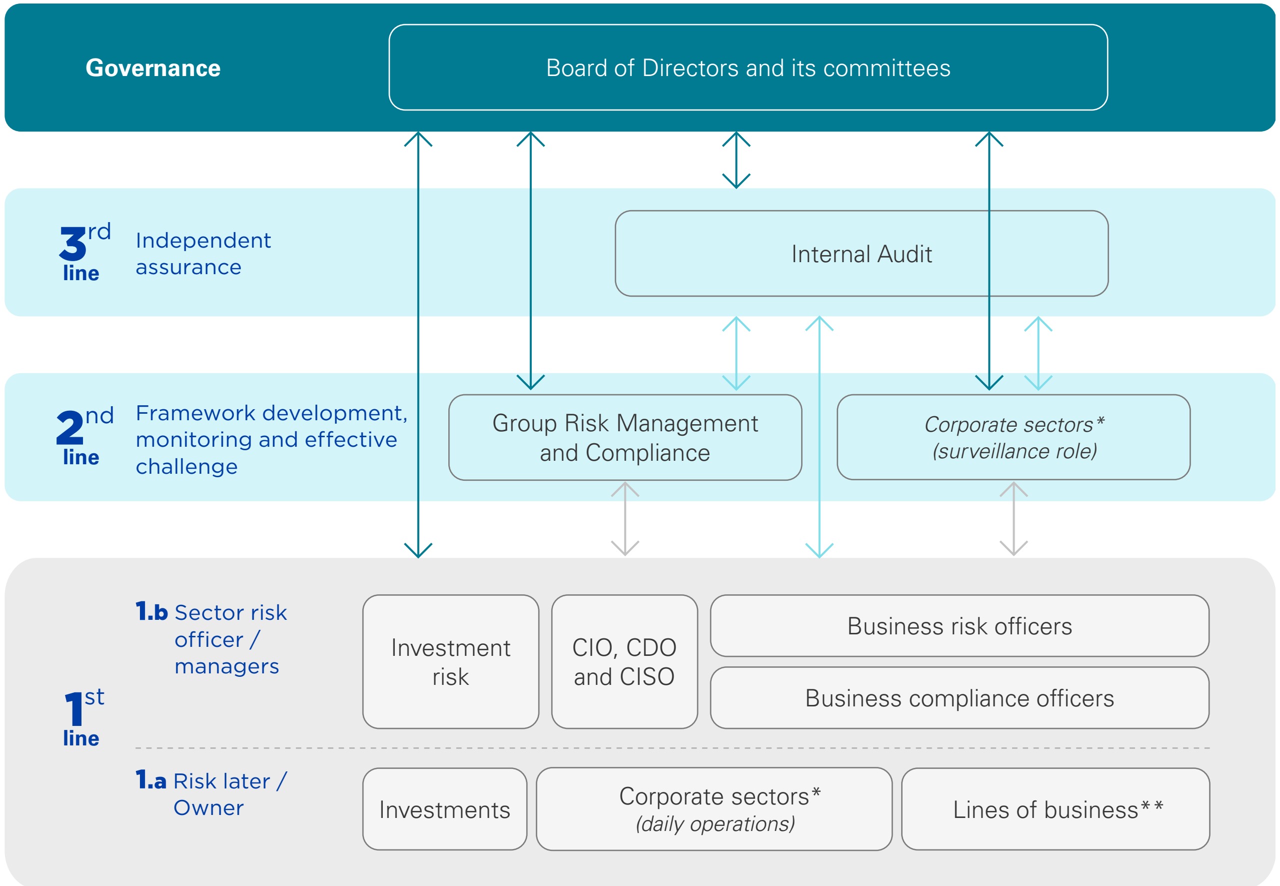
The **second line of defence** is responsible for objectively and impartially monitoring and critically analyzing the risks and controls implemented by the first line of defence. It is also responsible for developing and maintaining the principles, frameworks, policies, guidelines, standards, tools and 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 the CCO in the implementation and monitoring of the risk management framework, policies and programs in all of iA Financial Group's sectors. Certain business units perform certain second line of defence activities in their 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.

[2] "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.

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.



*Also referred to as "organizational support units", the corporate sectors include the following: Finance and Actuarial Services, Information Technology, Data Governance and Information Security, Talent and Culture, Legal Services, Procurement and Material Resources, Initiative Portfolio Management, Corporate Strategy and Corporate Development and Acquisition; this list is not exhaustive and is subject to change.

**Also known as "business organizational units", the three business segments are as follows: Insurance, Canada, Wealth Management and U.S. Business.

2. Strategy

2.1. Climate strategy

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

The Corporation has therefore adopted a global approach to integrating climate considerations into its operations and decisions, notably by establishing a climate strategy. This strategy articulates the company's ambition and anchors its climate change objectives in its corporate strategy. It is implemented through the establishment of a rigorous governance structure, as well as various statements and policies, such as the statement on the company's climate change positioning and the *Climate Risk Management Corporate Policy*. More specifically, 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 its long-term value and that it believes may be material to its key stakeholders, namely:

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, and adopted new targets, namely: 1. iA Financial Group undertakes to reduce the GHG emission intensity of its Canadian real estate holdings by 60% by 2035, using 2022 as the baseline. An analysis of our real estate assets is underway to measure their decarbonization potential. In 2024, feasibility studies[3] were conducted on 48% of the total surface area of the Corporation's owned Canadian real estate portfolio. In 2025, additional feasibility studies are planned to refine its decarbonization trajectory. 2. iA Financial Group aims to act as a responsible investor by reducing the carbon intensity of its public corporate bond portfolio by 40%[4] by 2035 (using 2022 as the baseline).
2. Integrate climate considerations into all processes and decisions, including our investments	The Corporation's roadmap includes integrating climate considerations into its strategy, decision-making and reporting processes and its risk taxonomy. In 2024, we began analyzing and mapping the exposure of our investments according to some industries to develop an action plan. The section on climate risks in the *Risk Appetite and Tolerance Statement*, including the indicators to be included in reporting, will also be revised in 2025. In parallel, reflection on the development of a formal process to better identify climate change-related opportunities is underway.
3. Implement sound climate change risk management and build resilience to the physical impacts of climate change across our operations	In 2024, we began working on implementing a climate risk management framework as part of our initial roadmap, and participated in the Standardized Climate Scenario Exercise developed by the AMF and the Office of the Superintendent of Financial Institutions ("**OSFI**"). Following publication of the Guideline in July 2024, the Corporation reviewed the scope of certain deliverables, accelerating their implementation and/or reprioritizing them. This revised roadmap now incorporates expectations regarding the opportunities arising from the transition to a low-carbon economy, eco-responsible measures contributing to the fight against climate change, fair treatment of clients and related disclosures in addition to the initially anticipated disclosure of how these risks are measured and managed.

[3] A combination of decarbonization studies and recommissioning studies.

[4] The portion of public corporate bonds subject to our decarbonization commitment currently 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 recommendations and facilitate disclosure by investment portfolio companies	iA Financial Group remains committed to transparency with its stakeholders and accordingly discloses its progress, performance and challenges with regard to climate, which are based on established frameworks; these are also available on our website at ia.ca/sustainability. In addition, we are monitoring the development of climate change standards and regulatory frameworks, such as IFRS S1/S2 and CSDS 1/CSDS 2.
5. Contribute to advancing the understanding of the impacts of climate change on the insurance industry	iA Financial Group is part of a sustainability community of practice, where members can share common concerns, consolidate expertise and develop new knowledge related to sustainability initiatives. Executives and employees of iA Financial Group also engage with organizations concerned with sustainability and climate change.

By establishing a strategy, a governance structure and decarbonization targets, iA Financial Group has taken the first steps towards a transition plan and continues to develop it based on recognized reference frameworks. Several components are currently being implemented, such as the reduction of GHG emissions and adaptation to climate change through the Corporation's risk management program. Action plans will also need to be refined and planning will need to evolve to ensure that the Corporation remains agile and flexible.

2.2. Integration into the corporate strategy

The strategic planning cycle is a business process that ensures that risks are taken into account in our corporate strategy, at both the global and sectoral levels. When drafting the corporate strategy and updating the related plan on a cyclical basis, an exhaustive review of emerging trends is done with the aim of positioning the organization in relation to the trends that will have the greatest impact in the future, and developing cross-functional strategies. Our current positioning on sustainability and our strategic climate-related initiatives are therefore part of our corporate strategy in certain respects.

At the sectoral level, each organizational unit analyzes the risks and opportunities that have the greatest impact on their area of business when updating their respective strategic plan. For example, iAAH factors climate change into its financial planning in line with its strategy, estimating projected costs associated with catastrophic events for the coming year, identifying and assessing its reinsurance needs and reviewing its product pricing and underwriting strategies. In addition, the investments required to support the successful implementation of climate change initiatives are included in the review of iAAH's overall portfolio of initiatives.

In parallel, the organization aims to integrate climate change risks into its operations through processes related to the establishment of its corporate strategy. Adverse scenario exercises and the underwriting, pricing and reinsurance processes are all examples of processes that enable it to adjust its corporate strategy as required, notably through risk transfer. Once the climate risk management framework has been completed, it will be possible to include a specific process for managing climate-related risks and opportunities in the development of the corporate strategy.

To operationalize the process for identifying climate change risks and opportunities within its corporate strategy, iA Financial Group began to reflect on the development of this process in 2024 and therefore plans to implement it in the course of 2025. To this end, the Corporation expects to begin by providing training and/or awareness-raising activities to its Reporting Subsidiaries to bring attention to climate-related issues and the opportunities these may represent. The aim is to equip them to integrate climate considerations into their business analyses and strategies and identify opportunities. In addition, the Corporation plans to create performance indicators to track the progress of identified opportunities.

3. Integrated risk management

iA Financial Group's risk management is an iterative and ongoing process whereby it ensures that risks are adequately managed and that they respect iA Financial Group's risk appetite and tolerance. As part of this process, climate risks are considered to be transversal risk factors that can impact several risk categories, and are therefore 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 for all risk categories in the taxonomy. 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:

- Existing or pending climate-related regulations and guidelines (e.g., Canadian Securities Administrators Staff Notices, federal climate-related regulation in Canada and the United States, and the OSFI and AMF guidelines).
- Climate-related guidance and industry initiatives (e.g., *Climate Engagement Canada, 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).
- 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 tolerance specific to its category, (category defined in the *Risk Appetite and Tolerance Statement*), escalation of the information related to exceedance of the tolerance is initiated. Climate risk appetite and tolerance will be reviewed in 2025. The climate risk management approach provides for the integration (where relevant) of limits specific to the risk categories appropriate for iA Financial Group into its corporate risk management policies, its *Risk Appetite and Tolerance Statement* or related frameworks as and when they are revised.

Regular risk and risk management reporting is provided to the Executive Risk Management Committee and the RGEC in the CRO's report. In addition, 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.

3.1. Identification and assessment

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

— 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 the impact of 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 attention to climate risks that could have a material impact on our investments.

— iA Financial Group is undertaking company-wide analysis and work to implement a climate risk management framework. Please refer to the table of actions taken and specific measures in the "Climate strategy" section above to learn more the work in progress and to be completed in relation to our long-term objectives.

For the time being, climate-related risks and the results in Table 1 below are assessed on a qualitative basis. This 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. Like reputational risk, climate risk is considered a transversal 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, and legal and regulatory risks.

Climate risks can amplify the different categories of risks considered in integrated risk management. Pending full implementation of the climate risk management framework, climate risks are indirectly taken into account in the management of current financial and non-financial risk categories, as set out in our *Integrated 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 climate 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 damage 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			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	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	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

3.1.1. 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 segments 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 segments 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			X
		Mispricing related to new insurable technologies	X		X			X
		Offering inadequate products due to changing client preferences	X		X			X
	Physical risks	Frequency and impact of extreme weather events (insured losses, morbidity, and mortality rates)	X	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, the Group plans to monitor climate change developments in the financial sector through various industry reports and associations to better understand what adaptations may be needed and what technologies may be used to mitigate potential impacts and improve the 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 notably 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 following a climate event.

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.

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	X
		Impairment of stranded assets related to underperforming or obsolete technologies				X	X	X
	Physical risks	Extreme weather events (increased operating costs and/or loss of revenue, impacting the return on affected investments)				X	X	X
		Impairment of assets or reduction of their useful life of long-lived assets (real estate and infrastructure)				X	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 worked on our transition strategy to reduce the carbon intensity of portfolio in the targeted classes. As a result, we have withdrawn data on this exposure for this year. In addition, iA Financial Group uses its *Credit Risk Management 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. In 2023, a preliminary analysis of our portfolio of real estate holdings was performed to set the current GHG reduction target. In 2024, building-specific feasibility studies were conducted for a number of our buildings in Canada. These analyses are being used to fine-tune our decarbonization trajectory and will continue in the future for other buildings.

Liquidity risk is the risk that iA Financial Group will not be able to release 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 consult with our stakeholders and glean a more thorough understanding of the ESG issues that should be prioritized 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.

3.1.2. 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, and thus undermine the achievement of its strategic objectives. With respect to transition risks, the Corporation may have to make poor strategic choices in its climate risk management due to an inability to align with an appropriate decarbonization trajectory; it may also be unable to provide insurance in certain geographic regions or to certain types of industries or having to deal with poor positioning with respect to climate risks monitored by certain 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	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	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		X	X

As part of its continuous improvement process, iA Financial Group monitors market developments, including the transition to a low-carbon economy. As things change, the Corporation therefore strives to adapt its insurance products to mitigate risk, both for the wellbeing of its clients and for its 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	X
		Challenges in modelling and pricing risk coverage due to policy heterogeneity across geographies	X		X			X
	Physical risks	Storms or other extreme weather events causing property damage or critical business interruption	X	X	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, iA Financial Group's 2025 roadmap provides for the independent validation of certain critical models identified during the inventory taken in 2024, updating of the inventory, assessment of model risks and a model risk training campaign.

In addition, a business continuity management program has been implemented across the organization to mitigate the risk of disruption to critical activities following major climate 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, because climate change 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 requirements and compliance costs	X	X	X	X	X	X
		Strengthening capital and liquidity requirements	X	X	X	X	X	X
	Physical risks	Legal disputes over auto and home insurance coverage due to the increased frequency and severity of extreme weather events	X					

Potential 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. With regard to physical risks, these may include, for example, legal disputes such as lawsuits that may arise from natural disasters. Given the increased frequency of such disasters, this could increase the likelihood of the Corporation being faced with this type of litigation, which could have a knock-on effect on the balance sheet in terms of the provisions to be recorded.

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 segments and overall strategy.

3.1.3. Transversal risks

Reputational risk is defined as a risk which affects several categories of financial and/or non-financial risk, or which is the cause or result of one or more other risks. It can amplify the probability of occurrence and/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 as regards 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			X

As a publicly traded company, the Corporation is cognizant that many investors, lenders, peers and other capital market participants are increasingly interested in allocating capital to companies with strong climate change performance. It has therefore developed a climate change strategy to try to meet these expectations, but also to strengthen its resilience in the transition to a low-carbon economy.

3.2. Some examples of climate risk management in our business segments (non-exhaustive list)

3.2.1. Life and health insurance

The Corporation has established guidelines pertaining to underwriting and claims adjudication risks that specify its 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.

3.2.2. 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 iAAH subscribes enough coverage to be adequately protected from this risk. iAAH also uses modelling for certain types of natural disasters, which are incorporated into probable scenarios. It then analyzes the impact on capital to ensure capital adequacy in a context of sound risk management.

Tropical Storm Debby, which struck Quebec in the summer of 2024, generated a record number of insured claims for iAAH, as it did for the industry as a whole, according to the Insurance Bureau of Canada (IBC)[5]. Given that iAAH aims to insure against events that occur once every 500 years, the net effect of this catastrophic event was limited, as iAAH had anticipated. It should be noted that the retention of the reinsurance program will be increased in 2025, and the coverage amount will be adjusted according to the latest catastrophe risk modelling.

Lastly, environmental risks are integrated into the individual property and casualty insurance contract pricing 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 used for setting adequate rates for insureds.

3.2.3. Asset management

For iA Financial Group, asset management includes both the investments made through our portfolios and those we make in real estate. Climate change could generate risks and opportunities in both cases, which is why transition risks as well as physical risks must be considered.

As asset managers, investors and stewards of our clients' assets, we continue to integrate climate change considerations in our 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 it also measures financed 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 approach to climate change. In 2024, the Corporation began a mapping exercise aimed at establishing standardized definitions to facilitate its analyses and assess its exposure to certain sectors deemed to be priorities. For example, one of the sectors mapped is electricity generation. This mapping exercise will be rolled out to other sectors in 2025.

In parallel, we continue to encourage all companies in which our portfolio is invested to provide disclosure on climate-related risks to improve data availability and iA Financial Group's ability to assess its portfolio's exposure to climate-related risks.

With respect to its real estate portfolio, an action plan is currently being implemented to decarbonize its Canadian buildings, which represent 98.2% of the total surface area of the buildings owned by iA Financial Group. More specifically, analyses are being developed that are aimed at defining the transition plan and revising the decarbonization trajectory. In 2024, feasibility studies[6] were conducted on 48% of the total surface area of the Corporation's owned Canadian real estate portfolio, and new studies are planned for next year. The aim is to study the feasibility of the decarbonization project in order to prioritize actions, implement them and monitor them through indicators. Buildings located in the United States (representing 1.8% of the total surface area of owned buildings in the portfolio as at December 31, 2024) will be analyzed in a subsequent phase.

3.3. Climate scenarios, stress testing and liquidity adequacy

As indicated in section 2 "Integrated risk management", the risk management process relies on relevant data and methodologies established and recognized by the industry (where available), as well as expert risk judgments for all risk categories in the taxonomy. This assessment should also be 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.

With regard to climate risks, the first phase of the Standardized Climate Scenario Exercise (SCSE) developed by the AMF and the OSFI has been completed. In 2025, there are plans to:

- Complete the second phase of the SCSE.
- Develop the capacity required to run climate scenarios tailored to iA Financial Group's needs, risks and business reality.
- Develop a methodology for integrating climate risks into process, the Own Risk and Solvency Assessment ("**ORSA**") report and the Financial Condition Testing ("**FCT**").
- Develop a methodology for integrating climate risks into the assessment of liquidity risk and capital and liquidity adequacy.

Regarding iAAH, climate scenarios were tested in 2024 and have therefore been incorporated into the process to produce the ORSA report and the FCT which contains the conclusions.

[5] Source: Portail de l'assurance, *Weather-related losses cost Canada over $8.5 billion in insured damage in 2024*, Alain Castonguay, published January 13, 2025.

[6] A combination of decarbonization studies and recommissioning studies.

3.4. Risk mitigation

The following guiding principles describe, among other aspects, some of the Corporation's mitigation measures with regard to climate risk management:

- **Culture, engagement and accountability:** Sound risk management requires a shared commitment to iA Financial Group culture, whereby each individual adopts the right behaviours and assumes their share of responsibility in the face of these risks.
- **Strong governance:** Climate risk management is underpinned by a robust governance structure in which the roles and responsibilities of stakeholders are clearly defined, allowing for effective monitoring and management of these risks.
- **Integration into iA Financial Group frameworks and operations:** The goal is to fully integrate climate risk management into the risk management framework, the various policies, each of the taxonomy's risk categories and the various decision-making and accountability processes of iA Financial Group.
- **Recognized importance:** iA Financial Group is concerned about climate risks and is aware that the way it manages climate risks could not only have a direct impact on its success, but could also affect its various stakeholders, including its employees and clients. A series of adaptation and mitigation measures are undertaken to minimize risks and ensure long-term operational resilience.
- **Compliance with regulatory requirements:** The implementation of a climate risk management framework applicable to the Corporation will enable it to more effectively fulfill its regulatory obligations to manage and report on the risks associated with climate change. Transparency contributes to financial stability as it enables investors, regulators and other stakeholders to better understand iA Financial Group's risk exposure and climate risk management practices.
- **A transition plan:** The aim is that the transition plan will enable the Corporation to mitigate the various risks involved in transitioning to a low-emissions economy (including political, technological, market and reputational risks) by preparing the company for regulatory changes, adjusting strategy in the face of market volatility and transparently communicating its decarbonization initiatives to its stakeholders.

For iAAH, various measures are also put in place to mitigate climate risks, including:

- the implementation of a reinsurance program that protects the entity against the financial impact of catastrophic events.
- the factoring in of climate risks into financial planning, as described above.
- the ability to adjust pricing, underwriting and products on an annual basis in response to changing market conditions.

3.5. Fair treatment of clients

With the goal of embedding high standards for the fair treatment of clients, iA Financial Group has adopted the *Fair Treatment of Customers Corporate Policy* and framework to establish the principles and standards to be adopted by the business units to ensure that clients are treated fairly, offered products that meet their needs and served in an efficient, fair and respectful manner. Indicators have also been developed to track and measure iA Financial Group's performance with respect to fair treatment of clients. These indicators provide a detailed overview of fair treatment practices as they relate to clients and allow us to identify gaps in applying the principles and take action to address them. These indicators also allow for adequate reporting to the organization's governance bodies.

Climate change could pose risks in terms of how clients may be treated and the product and service offerings tailored to their needs. In order to maintain high standards regarding the fair treatment of clients, these risks will be taken into account in the implementation of the *Fair Treatment of Customers Corporate Policy*, and related initiatives within the Corporation's business segments will be adapted where necessary. These adjustments may include:

- product design and marketing processes, including underwriting.
- communication of fair and clear information to clients about the risks that climate change may pose.
- performance indicators for the fair treatment of clients.

4. Measures and objectives

4.1. Indicators

In order to continuously improve its understanding of climate change and to combat it, iA Financial Group has set itself targets and is taking steps to achieve them. Measuring the Corporation's carbon footprint helps to identify emission sources that can be reduced, and to devise a climate strategy that includes a transition plan. The carbon footprint metric also serves as a performance indicator that allows for the oversight and tracking of decarbonization targets. To this end, an indicator linked to GHG emissions has been created. This data is illustrated and detailed in Table 2 beside. As a means of tracking the performance of this indicator, the data is reported annually to the Sustainability Steering Committee, the Sustainability Executive Committee and the RGEC. This report is relevant, as it enables them to gauge progress, identify areas of concern and make recommendations where necessary.

This report is directly linked to the two GHG reduction targets described in greater detail in subsection 4.2, which are also essential indicators for the Corporation in its management of climate risks. Reduction targets data (Table 3 on next page) is also reported annually to the Sustainability Steering Committee, the Sustainability Executive Committee and the RGEC, which also enables them to gauge progress, identify areas of concern and make recommendations where necessary.

Table 2 presents the GHG emissions data for the 2024 reporting period. The total Scope 1 and Scope 2 GHG emissions amount to 10,036 tons of CO_2 equivalent. In accordance with the financial control consolidation approach, these emissions are quantified for iA Financial Group assets, more specifically its real estate holdings (34 buildings in Canada, 2 in the United States) and its fleet of 46 vehicles.

Table 2: Total annual GHG emissions as at December 31 2024

Emission sources		**Annual emissions (in tCO_2e)**[7]
1	Stationary combustion	6,168
	Mobile combustion	170
	Halocarbon leaks	419
Total Scope 1 emissions		6,757
2	Electricity	3,279
	Heating and steam	181
Total Scope 2 emissions[8]		3,279
3	Waste	225
	Business travel	4,622
	Employee commuting	3,639
	Leased assets	3,205
	Financed emissions	1,006,657
Total Scope 3 emissions		1,018,349
GHG emissions		1,028,385

The carbon footprint calculation, its methodology, and explanations of increases and decreases in GHG emissions between previous years and 2024 are available in our *2024 Sustainability Report*.

We are working to establish and fine-tune relevant climate risk indicators for the future. To this end, initiatives involving quantitative data are currently being followed up with the various internal sustainability and climate risk management committees, to ensure proper implementation, oversight and alignment of these indicators.

[7] Results are rounded. All iA Financial Group GHG emissions data are unaudited and provided to the best of our knowledge. We occasionally use estimated data, but our aim is to collect real data and replace estimates with actual data in the coming years.

[8] In accordance with GHG Protocol guidelines, direct CO_2 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 this *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.

4.2. Targets and progress

Following the 2023 review of its decarbonization strategy to combat climate change, in 2024, iA Financial Group continued to work on reducing its emissions and implementing the elements needed to achieve its targets[9], namely:

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

— a 40% reduction in the carbon intensity of our public corporate bond portfolio[11].

Table 3 below presents the GHG categories covered by the decarbonization target for our Canadian real estate portfolio for scopes 1 and 2. These are the emissions from the 34 Canadian buildings owned by iA Financial Group, totalling 6,646,845 sq. ft. Data is expressed in absolute emissions in tons of CO_2 equivalent. Since 2022, the absolute GHG reduction amounts to 905 tons of CO_2 equivalent.

Table 3: Reduction targets as at December 31

Emission sources		Annual emissions (in tCO_2e)[12]	
		2022[13]	2024
Scope 1	Stationary combustion	6,855	6,154
	Halocarbon leaks	474	324
Scope 2	Electricity	2,472	2,419
Scope 1 and 2 emissions subject to the decarbonization target		9,801	8,896
		Reduction in absolute emissions (in tCO_2e) since 2022	(905)

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

Table 4: Targets and metrics as at December 31

Targets	Metrics	Data[14]		Targets	
		2022[15]	2024	Targets	Degree of completion
Related to operational activities					
Reduce the GHG emissions intensity of our Canadian real estate holdings by 60% by 2035[16]	tCO_2e	9,801	8,896	N/A	N/A
	Carbon intensity in tCO_2e/sq.ft.	0.00150	0.00136	60%	-9.23%
Related to financing activities					
Reduce carbon intensity of public corporate bond portfolio by 40%[17] by 2035	Weighted Average Carbon intensity (WACI) in tCO_2e/\$M revenues	401	303	40%	-24%

[9] Using 2022 as the baseline.

[10] Based on 34 of our buildings in Canada.

[11] The portion of public corporate bonds subject to our decarbonization commitment currently corresponds to investments of around $13.5 billion as of January 16, 2023.

[12] Results are rounded.

[13] Past results have been adjusted to reflect changes in methodology, acquisitions and divestments of real estate holdings, updated emission factors and error corrections.

[14] Results are rounded.

[15] Past results have been adjusted to reflect changes in methodology, acquisitions and divestments of real estate holdings, updated emission factors and error corrections.

[16] iA Financial Group's Canadian real estate portfolio comprises 34 buildings, primarily located in Quebec City, Montreal, Toronto and Vancouver. Some buildings are not fully owned by iA Financial Group (ownership 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 its knowledge.

[17] The portion of public corporate bonds subject to the decarbonization commitment currently represents investments of approximately $13.5 billion as of January 16, 2023.

4.3. Work completed and next steps

Each year, climate objectives are reviewed and adjusted as needed to ensure that the Corporation is implementing recognized industry practices and equipping itself with a robust framework that adapts to the ever-changing environment of climate-related risk and opportunity management.

In 2024, the following measures were taken to support the implementation of the climate strategy:

1. Clarification of the decarbonization trajectory for Canadian real estate holdings.
2. Mapping the exposure of all of our equity and corporate bond investments and initiating the low-carbon transition to achieve the 2035 target described above.
3. Update of the governance structure, including the creation of the Executive Sustainability Committee and the improvement of reporting between the various committees involved in climate change management, and the creation of a working group of internal experts to spearhead and support climate risk initiatives (responsibility for climate risk oversight has also been specifically integrated into the mandate of the Executive Risk Management Committee).
4. Participation in various consultations with provincial, federal and international bodies regarding climate risk management, which allowed the Corporation to share its position on subjects that could ultimately influence its risk management practices, and to gain a better understanding of that of our peers and the industry as a whole.
5. Better understanding of regulators' expectations.
6. Implementation of a climate risk management agenda with a view to fulfilling iA Financial Group's regulatory obligations with respect to climate risk management.
7. Participation in the first phase of the AMF-OSFI Standardized Climate Scenario Exercise to enable the Corporation to better assess and understand its potential exposure to climate risks.
8. Communication of a roadmap within the organization that will enable us to:
   - determine the impact of climate change on iA Financial Group's operations and products;
   - identify and assess the risks and opportunities associated with climate change;
   - strengthen the control environment;
   - report on climate risk developments and how effectively they are managed using key risk monitoring indicators.

In the coming years, the Corporation intends to enhance its ability to anticipate and mitigate the impacts of climate risks and implement more opportunities by gaining a better understanding of these risks. To this end, the Corporation will continue to implement its various measures to support the following objectives:

- **Information reliability:** Obtain reliable data in order to implement relevant and robust measures.
- **Building resilience:** Continue to improve the risk assessments through the adaptation of stress tests (sensitivity or scenario analyses) related to climate risks (this will help to validate risk assessments, identify vulnerabilities and ensure that sufficient liquidity and capital is maintained, if necessary, while adapting the corporate strategy accordingly).
- **Oversight:** Enhance oversight mechanisms to ensure compliance with the *Risk Appetite and Tolerance Statement* regarding climate change.
- **Training and awareness raising:** Develop training programs to raise employee awareness of climate issues and sound risk management practices.
- **Climate change governance:** Continue implementing the climate risk management governance framework and further develop it to take into account the business realities of all business segments, thereby facilitating operationalization and the achievement of objectives. Deployment of the infrastructure for identifying, implementing and overseeing opportunities will also continue.

This report, our *Sustainability Policy* and various other documents related to sustainability are available on our website at ia.ca, in the "Sustainability" section.

To reduce our production of printed materials at the source, iA Financial Group has decided not to print this *Climate Change Performance Report*. An electronic version of this document is available at ia.ca.

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