

2023-2024 Annual Sustainability Bond Use of Proceeds Report

April 2025



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Introduction

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 impact on the environment and society. In recent years, iA Financial Group has affirmed its commitment to advancing its agenda by adopting the United Nations Sustainable Development Goals, signing, through its subsidiary Industrial Alliance Investment Management Inc., the United Nations Principles for Responsible Investment and gradually implementing climate change disclosure requirements.

In 2022, we issued our inaugural Sustainability Bond, a \$300 million aggregate principal amount of 3.187% fixed/floating subordinated debentures (the "**3.187% Debentures**"). As of the date of this *2023-2024 Annual Sustainability Bond Use of Proceeds Report* (the "**Report**"), there is complete allocation of an amount equal to the net proceeds from the 3.187% Debentures to a combination of Eligible Assets that all contribute to environmental sustainability and/or positive social impact.

This Report summarizes the use of proceeds of the 3.187% Debentures for the years 2023 and 2024¹. It also provides a brief description of the projects assigned to the sustainable obligation, as well as their expected impacts. Finally, it provides an overview of the Framework. Our decision to develop the Framework is part of our commitment to sustainable finance.

All capitalized terms used and not defined herein have the meanings given to them in the iA Financial Group *Sustainability Bond Framework* dated February 2022 (the "**Framework**"), which is available on our website at ia.ca. The terms "us", "we", "our", "the Corporation" and "iA Financial Group" all refer to iA Financial Corporation Inc. and its subsidiaries, as applicable. All data is presented as of December 31, 2023, and December 31, 2024, and is in Canadian dollars unless otherwise noted.

¹ We decided to change the timing for the release of the *Annual Sustainability Bond Use of Proceeds Report* that was in December to align it with our other annual publications. Consequently, it has been decided to postpone the publication of the 2023 report, scheduled for December 2024, and to prepare a combined report for 2023 and 2024.

Summary of the Sustainability Bond Framework

The Framework addresses the four core components of the International Capital Market Association (“**ICMA**”) *Sustainability Bond Guidelines*.

Use of Proceeds

Under the Framework, iA Financial Group intends to allocate an amount equal to the net proceeds of each Sustainability Bond to finance or refinance, in part or in full, expenditures or investments that meet the Eligibility Criteria within each of the Green Eligible Categories and Social Eligible Categories. Where the Eligible Asset is a loan or investment in a business, the business must derive 90% or more of its revenues from activities that meet the Eligibility Criteria.²

For each category, the Corporation has drawn up a list of criteria to determine the eligibility of a product or project, as set out in its Framework. Each of these assets is aligned with at least one of the United Nations Sustainable Development Goals. The table below summarizes the eligible categories and the UNSDG alignment.

Project Selection and Evaluation Process

iA Financial Group has established a Sustainability Bond Committee (“**SBC**”) to ensure a robust process for project evaluation and selection. The SBC oversees the governance of the Framework and ensures that projects financed by a Sustainability Bond are aligned with the Green Bond Principles and the Social Bond Principles. The SBC comprises key members, including the Executive Vice-President, Chief Finance Officer and Chief Actuary; the Executive Vice President and Chief Investment Officer; the Executive Vice President and Chief Risk Officer; the Senior Vice-President, Integrated Risk Management and the Vice-President, Investor Relations, Sustainability and Public Affairs of iA Financial Corporation Inc.; and the Vice-President, Head of Strategy and Transformation, iAGAM³. The SBC ensures that iA Financial Group’s Sustainability Executive Committee remains informed of all progress related to the governance of the Framework. The SBC reviews potential Eligible Assets against the Eligibility Criteria and evaluates their qualification.

² The 90% revenue threshold does not apply to Eligible Categories which are based on ownership composition (i.e., “Majority women-owned businesses” and “Indigenous communities and businesses”).

³ “iAGAM” is a trademark under which Industrial Alliance Investment Management Inc. and iA Global Asset Management Inc operate.

Green Eligible Categories	United Nations Sustainable Development Goals Alignment	
Clean energy		
Energy efficiency		
Clean transportation		
Green buildings		
Sustainable water and waste management		
Pollution prevention and control		
Environmentally sustainable management of living natural resources and land use		
Access to essential services and infrastructure		
Affordable housing and basic infrastructure		
Majority women-owned businesses		
Indigenous communities & businesses		

Management of Proceeds

The Sustainability Bond Register is maintained to enable the SBC to track Eligible Assets for investment. The Eligible Asset portfolio is reviewed quarterly by the SBC and contains relevant information including Eligibility Categories and allocation amounts. The Eligible Asset portfolio is monitored by the SBC to ensure assets continue to meet the Eligibility Criteria and are greater than or equal to the aggregate amount of the outstanding Sustainability Bond issuances.

Reporting

iA Financial Group intends to publish an annual⁴ Sustainability Bond allocation and impact report on its website until full allocation of the proceeds. In the case of any material changes in the interim, iA Financial Group will publish an updated report in a timely manner.

Impact Reporting: iA Financial Group will report annually on relevant environmental and social impacts of financed and/or refinanced assets where feasible and will disclose measurement methodologies for quantitative indicators.

Second Party Opinion and Assurances

In 2022, the Framework has been reviewed by Sustainalytics, a global leader in providing ESG research, ratings and data. Sustainalytics has issued the Second Party Opinion confirming alignment of the Framework with the ICMA Sustainability Bond Guidelines 2021, the Green Bond Principles 2021 and the Social Bond Principles 2021.

As required by the Framework, an external review of the allocation of proceeds must be performed annually by iA Financial Group's external auditor or another external reviewer until full allocation of proceeds. For the 2022 annual report, Deloitte LLP has provided a limited assurance report on the use of Sustainability Bond proceeds. For this Report, as the allocation of the proceeds has been completed and has not undergone any material change, such a limited assurance report is not required.

⁴ We decided to change the timing for the release of the *Annual Sustainability Bond Use of Proceeds Report* that was in December to align it with our other annual publications. Consequently, it has been decided to postpone the publication of the 2023 report, scheduled for December 2024, and to prepare a combined report for 2023 and 2024.

Inaugural Sustainability Bond Issuance

On February 25, 2022, iA Financial Group issued its inaugural Sustainability Bond, the 3.187% Debentures.

Issuance Details

Key Issuance Metrics	
Issuer	iA Financial Corporation Inc.
Debentures	3.187% fixed/floating subordinated debentures due February 25, 2032
Principal Amount	\$300,000,000
Net Proceeds	\$297,950,000
Coupon	Interest on the Debentures at the rate of 3.187% per annum will be payable in arrears in equal semi-annual installments on February 25 and August 25, in each year, commencing on August 5, 2022 and continuing until February 25, 2027. After February 25, 2027, interest on the Debentures will be payable at a rate per annum equal to 3-month COOR (as defined in the <i>Prospectus Supplement</i> dated February 22, 2022, which is available on the Corporation's SEDAR profile at www.sedar.com) plus 0.91 % payable quarterly in arrears on the 25th day of each of February, May, August and November in each year, commencing on May 25, 2027. The initial interest payment on August 25, 2022 was \$15.935 per \$1,000 principal amount of Debentures.
Tenor	10 years
ISIN / CUSIP	CA45075EAC80 / 45075EAC8

Use of Proceeds

As of December 31, 2022, the net proceeds of the 3.187% Debentures had been fully allocated to finance or refinance, in part or in full, Eligible Assets. There are no remaining unallocated proceeds. iA Financial Group has disbursed \$300,000,000⁵ in respect of the 3.187% Debentures.

The two following tables shows the allocation profile as of December 31, 2023, and December 31, 2024:

Funding Allocation by Type

Type	December 31, 2023		December 31, 2024	
	Amount	Allocation	Amount	Allocation
Lookback	\$277,153,504	72.50%	\$274,456,981	71.40%
New	\$105,209,749	27.50%	\$110,059,261	28.60%
	\$382,363,254	100%	\$384,516,241	100%
Environmental	\$275,816,969	72.10%	\$274,042,317	71.30%
Social	\$106,546,285	27.90%	\$110,473,924	28.70%
	\$382,363,254	100%	\$384,516,241	100%
Access to Essential Services & Infrastructure	\$36,917,921	9.70%	\$35,864,548	9.30%
Affordable Housing and Basic Infrastructure	\$69,628,364	18.20%	\$74,609,376	19.40%
Clean Energy	\$185,793,189	48.60%	\$184,018,537	47.90%
Clean Transportation	\$39,000,000	10.20%	\$39,000,000	10.10%
Green Building	\$51,023,780	13.30%	\$51,023,780	13.30%
	\$382,363,254	100%	\$384,516,241	100%
Financing	\$325,766,304	85.2%	\$323,757,453	84.2%
Refinancing	\$56,596,949	14.8%	\$60,758,789	15.8%
	\$382,363,254	100%	\$384,516,241	100%

⁵ The allocated amount includes an additional buffer of ~20% over-allocation of the issuance size to compensate for principal amortization over the life of the Sustainability Bond. A quarterly check of the allocation amount is performed. If the allocation amount falls below the principal amount of the Sustainability Bond, iA Financial Group will identify additional investments to maintain the allocation minimum.

Assets Allocated to iA Financial Group's Sustainability Bond

Type	Category	Asset	Sector	Country	Start Date	End Date	Financing / Refinancing	Allocation reported	
								December 31, 2023	December 31, 2024
Environmental	Clean Energy	1	Wind	Canada	December 1, 2025	November 24, 2034	Financing	\$32,670,345	\$30,255,482
		2	Wind	Canada	December 1, 2025	November 24, 2034	Financing	\$70,360,670	\$70,360,670
		3	Wind	USA	May 16, 2019	March 15, 2036	Financing	\$29,682,706	\$28,433,688
		4	Wind	Canada	May 19, 2020	December 15, 2045	Financing	\$20,488,745	\$19,933,471
		5	Solar and Wind	USA	December 13, 2022	December 31, 2047	Refinancing	\$32,590,724	\$35,035,227
	Clean Transportation	6	Rapid Transit System	Canada	November 17, 2022	November 30, 2046	Financing	\$10,000,000	\$10,000,000
		7	Rapid Transit System	Canada	November 17, 2022	November 30, 2060	Financing	\$29,000,000	\$29,000,000
	Green Building	8	Real Estate	Canada	October 17, 2019	January 1, 2100	Financing	\$51,023,780	\$51,023,780
Social	Access to Essential Services & Infrastructure	9	Care Centers	Canada	June 27, 2019	March 31, 2041	Financing	\$36,917,921	\$35,864,548
	Affordable Housing and Basic Infrastructure	10	Social Housing	UK	June 21, 2021	June 21, 2046	⅓ Financing ⅔ Refinancing	\$1,680,951	\$1,801,202
		11	Social Housing	UK	October 21, 2021	October 21, 2051	⅓ Financing ⅔ Refinancing	\$34,328,387	\$36,784,141
		12	Social Housing	UK	July 13, 2022	July 13, 2057	Financing	\$16,809,513	\$18,012,017
		13	Social Housing	UK	September 29,2022	September 29, 2050	Financing	\$16,809,513	\$18,012,017
						\$382,363,254 \$384,516,241			

Expected Impacts

The following table provides a brief description of the projects assigned to the Sustainable Bond and their expected impacts.

Project Description and Expected Impact

Type	Category	Asset	Sector	Country	Description	Expected Impact
Environmental	Clean Energy	1 and 2	Wind	Canada	Wind farm in the province of Quebec	Production of clean energy from natural resources
		3	Wind	USA	Construction and operation of a wind farm	Production of clean energy from renewable resources
		4	Wind	Canada	Construction and operation of a wind farm in British Columbia	Production of clean energy from renewable resources
		5	Solar and Wind	USA	Portfolio of operating renewable projects across the US	Production of clean energy from renewable resources
	Clean Transportation	6 and 7	Rapid Transit System	Canada	New subway construction in Ontario	Increasing use of electric public transportation. The train has a maximum capacity of 30,000 passengers per hour.
	Green Building	8	Real Estate	Canada	Office building in Ontario	LEED Gold Certified
Social	Access to Essential Services & Infrastructure	9	Care Centers	Canada	Long-term care facility in the province of Quebec	Construction of a long-term care facility
	Affordable Housing and Basic Infrastructure	10 and 11	Social Housing	UK	Non-profit social housing association in the London area. The association provided 6,100 affordable housing units at a 20-50% discount from market rent.	Financing the development of new affordable housing
		12	Social Housing	UK	Non-profit social housing association in the west of England with 6,500 affordable units	Financing the development of new affordable housing
		13	Social Housing	UK	Non-profit social housing association in Northern Ireland with 5,600 affordable units	Financing the development of new affordable housing

Management Confirmation

The SBC confirms that, as of December 31, 2022, the net proceeds of \$297,950,000 from the sale of the 3.187% Debentures had been allocated to finance or refinance Eligible Assets. iA Financial Group is responsible for the completeness, accuracy and validity of this management assertion. The SBC also confirms that as of December 31, 2023, and December 31, 2024, the allocation of proceeds has not undergone any material change and meets the parameters established for our Sustainable Bond.

For purposes of this confirmation, Eligible Assets relate to expenditures or investments for which iA Financial Group disbursed funds up to seven years prior to the issuance of the 3.187% Debentures related to the financing or refinancing of the above Eligible Assets.

Disclaimer

This Report is provided for informational purposes only and is subject to change without notice. No liability whatsoever is or will be accepted by iA Financial Group nor any of its affiliates nor any of their respective directors, officers, employees or agents for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this Report.

This Report does not, and is not intended to, constitute or form part of, and should not be construed as, an offer or invitation for the sale or purchase of, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities, businesses and/or assets of any entity, nor shall it or any part of it be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever. This Report and the information contained within it is unaudited.



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 *Sustainability Bond Use of Proceeds Report*. An electronic version of this document is available at ia.ca.

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