



# SUSTAINABILITY



# About us

Founded in 1892, iA Financial Group is one of the largest insurance and wealth management groups in Canada, with operations in the United States. It is listed on the Toronto Stock Exchange under the ticker symbols IAG (common shares) and IAF (preferred shares).

## Our mission

To ensure the financial wellbeing of our clients by offering them personal insurance coverage and investment solutions to help them achieve their personal goals.

## Our ambition

To be the company that best meets client expectations, in partnership with our distributors.

## Our values

### — Teamwork

Teamwork is the cornerstone of iA Financial Group's success. We do everything possible to enable all employees to have a positive influence on their teams.

### — High-performance environment

We make it our duty to maintain the highest quality standards while working as efficiently as possible. We take responsibility for our work and for developing effective processes.

### — Continuous improvement

Our focus on continuous improvement means that we question our processes and continually look for opportunities to make them better. A pioneer in this area, we adopted the principles of Lean management in 2010.

### — Respect for individuals and distributors

We take into account the opinions, needs and expectations of numerous stakeholders in our actions and decisions. Our approach with partners and clients is one of consideration, diplomacy and humility.

### — Service oriented

Our mentality of service is directly oriented toward our clients and partners. We seek to proactively listen to their needs and expectations.

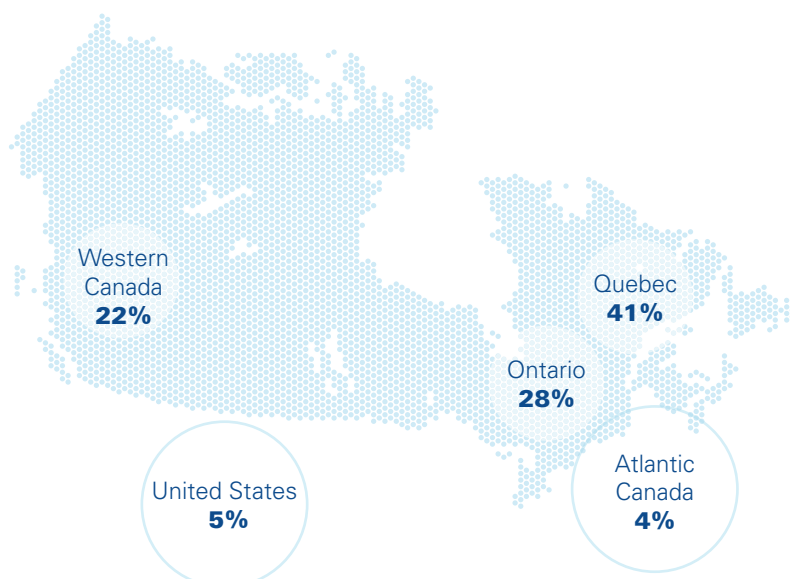
## iA Financial Group in numbers

(As at December 31, 2018)

Number of clients	<b>Over 4 million</b>
Number of employees	<b>Over 6,800</b>
Number of representatives	<b>Over 25,000</b>
Number of subsidiaries	<b>Around 20</b>
Solvency ratio	<b>126%</b>
Premiums, premium equivalents and deposits	<b>\$10.3 billion</b>
Assets under management and administration	<b>\$168.8 billion</b>
Net income attributed to common shareholders	<b>\$612.7 million</b>

## Geographic presence

(Premiums, premium equivalents and deposits by region - 2018)



# Building for the long term

I am very proud to present iA Financial Group's *Sustainability Report*. Formerly known as our *Social Responsibility Report*, this reference document details our strategy and results in economic, social, environmental and governance terms.

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Our sense of responsibility in these areas remains firmly anchored in our values, but has now evolved even further in line with the current idea of "sustainability". For us, this involves the synergy we seek to build between our various stakeholders—our employees, our clients, our partners, our investors and the community at large.

In 2018, our commitment took on new dimensions. Alongside the strong engagement of our employees on many fronts in sustainable development, we have taken a major step forward as a financial group by becoming a signatory of the United Nations Principles for Responsible Investment. We also further progressed in philanthropy by optimizing our policy regarding donations and community support.

In addition, you will of course find in this report the continuity of our commitments made in recent years to causes that we continue to support with great conviction. We believe that our growth in sustainable development, just like the growth of our business, must be guided by a long-term vision—a vision for the future that will not only allow us to continue to grow, but to do it in concrete ways that will stand the test of time.



A handwritten signature in black ink, appearing to read "Denis Ricard".

**Denis Ricard**

President and Chief Executive Officer  
iA Financial Group

# Our vision of sustainability

At iA Financial Group, sustainability is a commitment taken seriously by our board of directors, our management and our employees.

In a broad sense, sustainability is defined as a mode of development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

We support this definition and believe that our concrete sustainability efforts clearly demonstrate our will to contribute our best to building a better world.

## Guidelines

Our *Sustainable Development Policy* sets out seven guidelines for our strategy and actions in this area:

1. Ensure the financial wellbeing of our clients
2. Effectively manage risks
3. Follow high standards of governance
4. Actively contribute to our communities
5. Manage environmental impact
6. Create a rewarding work environment
7. Practice responsible sourcing

## 1. Ensure the financial wellbeing of our clients

Our mission is to ensure the financial wellbeing of our clients by offering them personal insurance coverage and investment solutions to help them achieve their personal goals.

In line with our mission, our ambition is to be the company that best meets client expectations, in partnership with our distributors.

### What we do:

- We have put in place a global internal process focusing specifically on client experience with the ultimate goal of peace of mind for our clients.
- Client experience at iA involves all employees. Initiatives to improve client experience are implemented in every team, not just those in direct contact with our clients.
- We put our clients and distributors at the centre of our business processes, offering them products adapted to their needs and exemplary service quality.
- We eliminate non-value-added activities and waste from our processes.
- We continuously improve our processes and products.
- We use success indicators to evaluate our progress.





## 2. Effectively manage risks

We manage a variety of risks inherent to our operations on a daily basis. Our enterprise risk management allows us to maintain a long-term balance between risk-taking and our appetite and tolerance for risk. It guarantees the sustainable growth of our operations and the development of our business while ensuring our company's solvency and long-term viability as well as our clients' and shareholders' peace of mind. It also enables us to meet our financial commitments and comply with regulatory requirements.

### What we do:

We have implemented an enterprise risk management framework that is consistently applied and taken into account in developing our business strategies and in all of our operations.

The goal of our enterprise risk management framework is to identify, assess, manage and monitor the risks to which we are exposed and to ensure that any pertinent information regarding these risks is communicated and shared on a regular and timely basis with the various people involved.

The enterprise risk management framework provides the board of directors with reasonable assurance that sufficient resources and appropriate procedures are in place to ensure sound risk management.

## 3. Follow high standards of governance

We make it our duty to follow best governance practices in order to favour our growth, increase the value of our shares and maintain the confidence of our various stakeholders.

It is essential for us to ensure that the trust placed in employees by our stakeholders is well-founded and deserved. The level of integrity and professionalism they are entitled to expect must be reflected in each employee's behaviour.

### What we do:

Our governance policies have been developed upon the bases of integrity and ethics, as well as sound risk management. These policies govern all of our directors, officers and employees.

We have also adopted rigorous monitoring mechanisms to ensure that our governance policies are understood and strictly adhered to by all.

### Board diversity policy

On February 14, 2019, our board members adopted a policy regarding diversity on our board of directors.

### This policy has two main objectives:

1. To confirm our will to encourage diversity on our board of directors
2. To specify how diversity is included in the director selection process

We believe that diversity on the board of directors favours a plurality of ideas and opinions, reduces the risks associated with a group mentality and ensures a diversity of knowledge and skills.

Diversity includes not only gender diversity, but also diversity regarding ethnic and geographic origin, cultural identity, sexual orientation and age.

Our board pays particular attention to the question of gender diversity. Accordingly, our board diversity policy requires that the company aspire to an equal number of women and men on the board.

### Diversity among middle management and vice-presidents

We are close to achieving gender parity in our company's middle management positions. This should help us do the same at the vice-president level in the medium term.

In terms of female representation on the executive team, we believe the efforts we continue to make will eventually enable us to achieve greater parity at this level, as well.

**13th** | out of 237 companies

**95%** | quality of governance

### 2018 *Globe and Mail* ranking

According to the 2018 Annual Corporate Governance Rankings from the *Globe and Mail*, iA Financial Group is ranked 13th out of 237 Canadian companies for the quality of its governance, with a score of 95%. The company was ranked 15th in 2017.



## 4. Actively contribute to our communities

We support the communities in which we operate. We consider community involvement a natural extension of our values.

### What we do:

Our community involvement is mainly carried out through direct financial support in the form of donations to various development and support organizations and institutions, and through the voluntary participation of our employees in the activities of humanitarian organizations with which they personally identify.

Many employees sit on the boards of various charitable organizations, hospital or university foundations and community or cultural organizations. Others organize fundraising events or participate in events held to finance charitable projects.

In addition, we have an employee donation program to support our employees who volunteer. This program allows employees to request financial support for organizations with which they are involved.

Our corporate donation and sponsorship policy targets specific sectors and organizations. Although there are many causes worthy of financial support, we target the areas of health, social services, education and the environment, the last being a new addition under our policy.



## 5. Manage environmental impact

We make constant efforts to reduce our environmental footprint with respect to energy, water, materials management, transportation and indoor and outdoor environments.

### What we do:

In accordance with our environmental policy, we are committed to:

- Complying with environmental and pollution laws and regulations
- Staying informed of best environmental practices
- Offering environmentally friendly products and services

### Position on climate change

For many years, we have been committed to supporting the fight against climate change by proactively reducing our carbon footprint. We have participated in the Carbon Disclosure Project (CDP) on greenhouse gas emissions since 2007.

Climate change constitutes an emerging risk considered in our annual strategic planning exercise. During this exercise, we analyze whether adjustments or additions to our strategies are required in order to manage emerging risks that arise or take advantage of opportunities that may be created.

For example, in the specific case of property and casualty insurance, the potential impact of climate change is considered in our choice of strategies, product development and solvency testing.

Through our strategic planning process, we therefore remain aware of the impacts climate change could have on our operations in the long term and have mechanisms for identifying and promptly and adequately reacting to them.

## 6. Create a rewarding work environment

Be an employer of choice that offers a rewarding career.

### What we do:

- We have launched an extensive employee experience program.
- Three key dimensions to the employee experience at iA Financial Group have been defined: work environment, technology and company culture.
- Our company culture focuses on:
  - Employee development
  - Opportunities for employees to use their talents
  - Recognizing their contribution to the success of the organization
  - An atmosphere of mutual trust

We make it our duty to integrate our core values in our daily activities.

We believe that gaining knowledge and acquiring and transferring skills are essential to the advancement of individuals' careers. Employees are encouraged to pursue training based on their own professional development needs and the needs of the company.

Under our education assistance policy, we offer employees reimbursement for eligible training activities.

### Position on employment diversity

iA Financial Group is committed to offering a work environment that encourages diversity, regardless of ethnic origin, nationality, language, religious beliefs, gender, sexual orientation, age, marital status, family situation or physical or mental disability.

iA Financial Group offers an inclusive work environment that values teamwork, respect for individuals and service quality. The company also provides ideal conditions to help every employee realize their full potential in a high-performance, continuous improvement environment.

## Pay equity

iA Financial Group complies with the province of Quebec's *Pay Equity Act*. Pay equity consists of ensuring that predominantly female-held positions receive the same compensation as predominantly male-held positions of equivalent value to the company, even if the positions are not the same.

To ensure compliance with the *Pay Equity Act*, iA Financial Group has put in place the following procedures:

- All job positions across iA Financial Group are evaluated using the Hay Group job evaluation method. The Hay Group job evaluation method is recognized by the *Pay Equity Act* and its main objectives are fairness and elimination of sexism.
- The *Pay Equity Act* requires companies to evaluate and review pay equity every five years. iA Financial Group performed its last evaluation in November 2015, at which time it was determined that there were no wage gaps between predominantly female and predominantly male job categories of equal value.
- iA Financial Group assures pay equity on an ongoing basis by evaluating all new positions using the Hay Group job evaluation method.



## 7. Practice responsible sourcing

Our *Supplier Code of Conduct* clearly communicates our guidelines and expectations regarding the way our suppliers do business with us.

### What we do:

Suppliers that wish to establish a business relationship with us must agree to respect the principles and standards laid out in the code and act ethically, honestly and with integrity at all times with respect to this relationship.

This code of conduct covers various aspects, including governance, work, health and safety, the environment and sustainable development.

In particular, it specifies that our suppliers must not, either directly or indirectly, offer gifts, benefits or cash to iA Financial Group or its employees for the purpose of influencing a transaction or business decision.

The code also requires that suppliers conduct their business in keeping with environmental protection and sustainable development principles.

We have also set up a confidential, anonymous hotline that suppliers can use to report suspicious behaviour they believe may be illegal, fraudulent or unethical.

### Sustainable Development Committee

In 2017, we set up a Sustainable Development Committee. This consultative committee is made up of over 60 members representing all of our corporate departments, business lines and subsidiaries across Canada and in the United States.

#### Mandate:

- Promote our achievements through the annual Sustainability Report
- Ensure the continuation and progress of the sustainable development achievements made in the last few years
- Identify and implement new sustainable development projects (sectoral and institutional)



# iA Financial Group becomes a signatory of the United Nations PRI



In the first quarter of 2019, iA Financial Group became a signatory of the United Nations Principles for Responsible Investment (PRI) through its iA Investment Management subsidiary.

The PRI were developed by an international group of institutional investors in partnership with the United Nations Environment Programme Finance Initiative and the UN Global Compact. They reflect the increasing relevance of environmental, social and corporate governance (ESG) issues to investment practices. The process was convened by the United Nations Secretary-General.

## In accordance with the PRI:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the PRI within the investment industry.
5. We will work together to enhance our effectiveness in implementing the PRI.
6. We will report on our activities and progress towards implementing the PRI.

## The PRI initiative works with an international network of signatories to apply the PRI.

As of October 2018, this network included more than 2,000 signatories from over 50 different countries, representing more than \$80 trillion in assets. Canada accounted for 116 of these PRI signatories.

In signing the PRI, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the PRI over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

Our first report on our responsible investment activities will be published in the first quarter of 2021, based on our activities carried out in 2020.

## About iA Investment Management (iAIM)

iAIM is the portfolio manager responsible for managing the general funds of Industrial Alliance Insurance and Financial Services Inc. and the assets of iA Financial Group's subsidiaries. As such, iAIM manages segregated and mutual fund portfolios for the group as a whole.

### iAIM portfolios:

**\$70B** | ASSETS UNDER MANAGEMENT  
AT DECEMBER 31, 2018

## What is responsible investment?

Responsible investment is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

*"We believe responsible investment is a factor of success and that incorporating environmental, social and governance criteria is the best way to achieve responsible investment. Creating long-term value relies on a financial system that is both sustainable and economically effective."*

### Michel Tremblay

Executive Vice-President and  
Chief Investment Officer  
iA Financial Group

# Forward-looking investments

## Renewable energy

Globally, companies and nations are multiplying their objectives for converting to 100% renewable energy. One example is the country of Costa Rica, which has succeeded in producing 100% of its electricity from renewable sources for the majority of the year.

Renewable energy projects have a positive impact on societies by generating little or no greenhouse gases, replacing fossil fuels and promoting regional economic development.

iA Financial Group contributes to such projects by investing in the renewable energy sector. Currently, we have invested a total of **\$1.7 billion** in this area, including \$65 million over the last year in the following projects:

Project	Country	Type of energy	Megawatts
Naranjal	Uruguay	Solar	76
sPower	United States	Wind	652
Tres Hermanas	Peru	Wind	130



# Our socially responsible investment funds

iA Clarington, our mutual fund subsidiary, offers a suite of socially responsible mutual funds and portfolio solutions under the IA Clarington Inhance SRI brand. The IA Clarington Inhance SRI funds and portfolios are sub-advised by Vancity Investment Management Ltd. (VCIM), a leader in socially responsible investing (SRI).

The Vancity team uses an integrated approach, combining financial analysis with environmental, social and governance (ESG) analysis to screen for quality companies. In their ESG screen, they identify potential candidates by reviewing company performance in seven key areas:

- Corporate governance
- Environmental commitments
- Employee relations
- Diversity
- Community relations
- Human rights
- Sustainable products



Vancity does not invest in securities issued by companies whose primary line of business includes the following:

- Tobacco
- Nuclear power
- Military weapons
- Adult entertainment
- Gaming

## Performance of our socially responsible investment funds

(As at December 31, 2018)

	1-year	3-year	5-year
IA Clarington Inhance Bond SRI Fund-B	-0.3%	–	–
IA Clarington Inhance Bond SRI Fund-F	0.2%	–	–
IA Clarington Inhance Monthly Income SRI Fund-T6	-6.6%	3.9%	2.9%
IA Clarington Inhance Monthly Income SRI Fund-F6	-5.5%	5.1%	4.1%
IA Clarington Inhance Canadian Equity SRI Class-A	-10.8%	4.6%	2.4%
IA Clarington Inhance Canadian Equity SRI Class-F	-9.6%	6.0%	3.7%
IA Clarington Inhance Global Equity SRI Class-A	-1.4%	2.7%	6.4%
IA Clarington Inhance Global Equity SRI Class-F	-0.2%	3.9%	7.6%
IA Clarington Inhance Conservative SRI Portfolio-T6	-3.0%	1.7%	2.7%
IA Clarington Inhance Conservative SRI Portfolio-F6	-2.0%	2.8%	–
IA Clarington Inhance Balanced SRI Portfolio-A	-3.7%	2.3%	3.2%
IA Clarington Inhance Balanced SRI Portfolio-F	-2.7%	3.4%	–
IA Clarington Inhance Growth SRI Portfolio-A	-4.3%	2.7%	3.5%
IA Clarington Inhance Growth SRI Portfolio-F	-3.2%	3.9%	4.8%

Past investment performance of a mutual fund or individual security may not be repeated. Statements that pertain to the future represent the portfolio manager's current view regarding future events. Actual future events may differ.

# Optimization

## of our donation and community involvement policy

To better structure our donations across the country, we optimized our donation and community involvement policy in 2018 with changes taking effect January 1, 2019.

Our donation budget is \$6 million.



### Vision

iA Financial Group is an engaged company that works with its stakeholders for the betterment of individuals and the community so that everyone becomes a catalyst of betterment, today and in the future.

### Strategy

- Create catalysts so everyone pays it forward
- Unite forces within communities (corporate departments, business lines and subsidiaries)
- Guarantee the sustainability of our community actions today and for future generations

### Preferred sectors

#### Healthcare

- A well-being vector, this sector is closest to our operations
- Target: Charities that provide or want to provide or improve care, encourage recovery or provide end-of-life support

#### Social/community

- Driving force to help the vulnerable become social actors who can pay it forward
- Target: Charities whose mission is to help, support and reintegrate people in a given community

#### Education

- Base for intellectual, social and economic development
- Target: Charities whose mission is the training and academic development of individuals

#### Environment (new sector)

- Objective: Be an influencer for future generations

### Support for employee community involvement

iA Financial Group encourages and supports employees who volunteer with charities through donations and other means.

Our analysis grid takes into account the employee's level of involvement as well as the organization's outreach. This year, we are setting up a shared platform where employees can promote their community involvement, solicit donations and invite their colleagues to sign up for various activities.



## Canada-wide philanthropic contest

We held the second edition of our Canada-wide philanthropic contest in 2018. Charities that work with people living with mental health issues were invited to answer the following question: *“What more could you do with a donation of \$125,000?”*

The first edition of this contest, organized as part of iA Financial Group’s 125th anniversary in 2017, created such enthusiasm that we decided to make it an annual event.

A specific theme will be targeted each year. In 2018, the theme was mental health, which directly or indirectly affects many Canadians each year.

Submissions from ten Canadian charities working in mental health were selected as finalists for the grand prize donation of \$125,000. The public was then invited to go to [donations-contest.ia.ca/community](https://donations-contest.ia.ca/community) to vote for the two submissions they found the most inspiring.

Following the public vote, it was the Canadian Mental Health Association – Swift Current Branch in Saskatchewan that won the grand prize donation of \$125,000.

Among the ten finalists, the Centre prévention suicide du Kamouraska-Rivière-du-Loup-Témiscouata-Les-Basques (KRTB) in Rivière-du-Loup, Quebec, and the Pathstone Foundation in St. Catharines, Ontario, came in second and third respectively. They each won a donation of \$50,000. The remaining seven finalists each received a donation of \$10,000.

*“The iA Financial Group Philanthropic Contest has had a tremendous effect on our CMHA Clubhouse in Swift Current, SK. Thanks to your generosity, we will be hiring a part time Vocational Staff, for a minimum of two years. The hiring of this new position will open opportunities for our membership to expand on their employment skills. This new initiative will hopefully attract younger members and assist us in helping individuals earlier in their diagnosis. In addition to that exciting new program, a large portion of our prize money has gone into a savings for a new building. We are hoping to purchase a new building and have it renovated and operational by 2020. Our present space is not only small but also not wheelchair accessible. The inaccessibility has prohibited some of our members from attending and we are excited to be able to, once again, offer them the services we provide.”*

**Jacqueline Williams**  
Executive Director of CMHA  
Swift Current Branch



Winners of the \$125,000 donation in the Canada-wide philanthropic contest.

## iA employee favourite

Unbeknownst to the ten finalists, iA Financial Group also invited its employees to vote on the submission they found the most inspiring and that deserved to win an additional \$25,000 donation. This surprise donation went to Quebec City charity Communautés solidaires.



# iA Health

Our health and wellness program, iA Health, covers many aspects of global employee health, from awareness to the implementation of concrete daily actions to maximize personal and professional wellbeing.

We offer a wide array of tools and resources to encourage employees across the company to develop healthy lifestyle habits (such as regular physical activity and balanced nutrition), reliable safety skills and an enjoyable work-life balance.

## Services offered by iA Health

- Employee and Family Assistance Program (EFAP), including: health coaching, tobacco cessation program, addiction support, nutrition consultations, legal assistance, etc.
- Dialogue telemedicine platform
- iA Health Portal
- Ergonomics services
- Workplace infirmaries and first-aid programs
- Workplace health and safety initiatives
- Flu vaccination clinics
- Wellness conferences and activities
- Group courses at work
- Fitness centres and programs at certain offices
- Corporate discounts
- Preventive health checks
- Work-life balance services in certain cities



## Main initiatives in 2018

### Dialogue telemedicine platform

We launched the Dialogue app for all of our permanent employees and their families across Canada.

#### Dialogue offers:

- Live chat with nurses
- Video consultations with doctors and health professionals
- Prescription renewals
- Specialist referrals
- Follow-up services

### Mindfulness

To help our employees navigate more easily in a constantly changing environment, we launched several initiatives in our Quebec City offices on mindfulness, a practice that calls upon the principles of meditation.

#### Our mindfulness initiatives include:

- Introductory mindfulness meditation workshops
- Two mindfulness rooms at our head office in Quebec City
- A toolbox on our intranet (audio resources, articles, suggested apps and books)
- Mindfulness conference presented by psychologist Carl Lemieux

### Activities and conferences for employees

- Free outdoor yoga sessions in Quebec City (June to mid-September)
- Onsite physiotherapist consultations in our Quebec City offices
- Stress management conference presented by Sonia Lupien
- Launch of three caregiver support groups in Quebec City
- Mobile optician services in Montreal

### Well-Balanced program

We also work to promote health and wellness for employees of our group insurance clients.

To this end, we launched our new Well-Balanced program in April 2018.

Well-Balanced was designed to help organizations efficiently manage health-related issues. It offers an array of tools and services, many at no extra charge with our group health insurance plans, giving insureds direct access to a variety of health resources and encouraging them to take control of their health problems to improve their quality of life.

For example, thanks to an online information platform and personalized telephone service, our insureds can find doctors in their local area, identify risk factors related to their lifestyle, learn tips to improve their health and get support with mental health concerns.



# Our risk management

As a financial group, we assume a variety of risks inherent in the development and diversification of our business. Our risk management is therefore aligned with our expansion strategy.

Our primary risk management objective is to generate maximum sustainable value for our clients, shareholders and employees, and in our communities where we remain actively present.

We strive to ensure sound and prudent risk management through our approach targeting a long-term balance between taking risks and achieving strategic objectives. More specifically, our approach is characterized by consideration for risk in the decision-making process, the alignment of risk with strategic orientations and respect for our risk appetite and tolerance. This approach ensures that our decisions promote sustainable growth for our operations, meaning profitable business growth that also guarantees our solvency and long-term viability.

Our risk management is supported by a strong code of conduct and culture along with an effective framework. We maintain an overall vision and demonstrate prudence in implementing our strategies and business decisions in order to protect our reputation, our value and our clients' peace of mind.

## Enterprise risk management framework

Our framework incorporates a disciplined approach targeting long-term balance between risk-taking and risk management into the management practices of every corporate department and business line.

Our ongoing enterprise risk management process is designed to identify, assess, manage, and monitor our risks to ensure their compatibility with our strategic objectives and our risk appetite and tolerance. Compliance with the framework also helps ensure that pertinent information regarding risks is communicated and shared on a regular and timely basis between the various people involved.

The enterprise risk management framework thus provides our board of directors with reasonable assurance that sufficient resources and appropriate procedures are in place to ensure sound risk management.



*For a detailed description of the various risks, please refer to the Risk Management section of our 2018 Annual Report, available at ia.ca.*





## Awards and distinctions

### Association for Financial Professionals – Vancouver

Giving Hearts Award in the Outstanding Corporation category in recognition of the company's charitable and social impact in British Columbia

### DUX Eat Better, Live Better

DUX Grand Prize, Project category, non-food company, for our head office cafeteria extension project

### Financial Communications Society

Bronze medal, Digital Media category – Apps & tools/Corporate image, for the My Retirement website, given as part of the Financial Communications Society (FCS) Portfolio Awards

### Fondaction

*Prix Créateurs d'emplois* [Job Creators Award], Champion category, Quebec City region, highlighting the outstanding performance of a company in the region based on the number of jobs created or retained

### Forbes

Ranked 62nd (1st among insurers) in the 2019 Canada's Best Employers list

### Insurance-Canada.ca

Finalist in the Insurance-Canada.ca Technology Awards for our Improving The Customer Experience With A Chatbot project

### Leukemia Lymphoma Society of Canada

Winner of the Light the Night Corporate Cup for the third year in a row. This is awarded annually by the Leukemia Lymphoma Society of Canada for the BC/Yukon Region to the top donor.

### Quebec Transit Management Centers Association (ACGDQ)

Second place for the Quebec City and Eastern Quebec region in the 2018 *Défi Sans Auto Solo* car-free challenge

### Recyclage Vanier

Eco-partner certificate awarded in recognition of our outstanding participation in the circular economy and sustainable development

### United Way-Centraide Canada

- Thanks a Million award from United Way-Centraide Canada for raising over \$1 million in our 2017 campaigns across the country
- Thanks a Million award from United Way-Centraide Canada for raising over \$1 million in our 2018 campaigns across the country\*

### United Way-Centraide of Greater Montreal

Gold medal won by the iA Financial Group soccer team in its category at the Centraide Cup, held at Saputo Stadium in September. Our team's participation helped raise \$10,000 for United Way-Centraide of Greater Montreal.

### United Way-Centraide Québec and Chaudière-Appalaches

- MAESTRIA 4-Star Award received by iA Financial Group from United Way-Centraide Québec and Chaudière-Appalaches for the 2017 fundraising campaign
- MAESTRIA 4-Star Award received by iA Auto and Home from United Way-Centraide Québec and Chaudière-Appalaches for the 2017 fundraising campaign
- MAESTRIA 4-Star Award received by iA Financial Group from United Way-Centraide Québec and Chaudière-Appalaches for the 2018 fundraising campaign (all participating iA Financial Group entities, including iA Financial Group, iA Auto and Home and Investia Financial Services Inc., were recognized under one name)\*

For more information, visit [ia.ca](http://ia.ca), under *About iA, Awards and distinctions*.

\* Awards attributed at the beginning of 2019

# 2018 results

## Economic impact

Salaries and employee benefits:  
**\$623.4 million**

Taxes paid:

Municipal	\$40.9 million
Provincial	\$169.9 million
Federal	\$105.1 million
<b>Total</b>	<b>\$315.9 million</b>

Claims paid:  
**\$5.4 billion** or \$103.8 million per week






Our cafeteria at 1080 Grande Allée West in Quebec City, fully run by our own food services staff.

## Environmental impact

### Energy

Since 2007, iA Financial Group has taken part in the Carbon Disclosure Project, which asks companies to measure and disclose their greenhouse gas emissions.

### Air emissions in CO<sub>2</sub> equivalent tons

2017	2016	2015
		
<b>5,320</b>	<b>2,560</b>	<b>2,337</b>
Total emissions	Total emissions	Total emissions
<b>5,221</b>	2,435	2,211
Direct emissions	Direct emissions	Direct emissions
<b>99</b>	125	126
Indirect emissions (related to electricity consumption)	Indirect emissions (related to electricity consumption)	Indirect emissions (related to electricity consumption)

CO<sub>2</sub> equivalent: Universal measure for converting the assessment of different forms of greenhouse gas emissions to the same unit of measure.

The significant increase in 2017 figures is due to the addition of our Montreal, Toronto, Calgary, Vancouver and Victoria properties in our GHG calculation. In 2016, direct and indirect emissions data were only available for iA Financial Group properties in Quebec City.

Also, please note we improved our electricity consumption GHG indirect emissions calculation methodology for the year 2017:

Previously, all indirect emissions figures were calculated following a Canadian average (location-based method). Regarding our 2017 figures, for our buildings located in the province of Quebec, 2017 GHG emissions have been calculated following a market-based method. As iA Financial Group has a single electricity supplier in the province of Quebec, Hydro-Québec, we used the market-based grid CO<sub>2</sub> emissions disclosed for the year 2017 by Hydro-Québec.

As our 2017 indirect emissions figures are now mainly market-based, and as 99.8% of Hydro-Québec electricity is generated from renewable sources, the result is an indirect emissions decrease of 20.8% year over year.

## Property management

As a major property owner, iA Financial Group measures environmental performance based on the stringent BOMA BEST and LEED criteria.

### More than 20 BOMA BEST certified buildings

City	Address	Current level
<b>Quebec City</b>	801 Grande Allée West	Gold
	925 Grande Allée West	Silver
	1150 Grande Allée West	Gold
	1080 Grande Allée West	Silver
	3800 Marly	Gold
<b>Montreal</b>	1981 McGill College	Gold
	2000 McGill College	Gold
	2200 McGill College	Gold
	1611 Crémazie East	Gold
	2020 Robert-Bourassa	Gold
<b>Calgary</b>	3355 114th Avenue SE	Silver
	3442 118th Avenue SE	Silver
	6170, 6046, 6330 and 6444 12th Street SE	Silver
	1816 and 1824 Crowchild Trail NW	Silver
	<b>Greater Vancouver</b>	2207-2225 W. 41st Avenue, Vancouver
1001-1085 Cambie Street, Vancouver		Silver
11151, 11171 and 11191 Horseshoe Way, Richmond		Silver
2025 West Broadway, Vancouver		Silver
5685-5687 Yew Street, Vancouver		Silver
<b>Victoria</b>	1001 Douglas Street	Gold
	172-184 Wilson Street	Certified

Each BOMA BEST certified property must meet BEST Practices based on a questionnaire determining the level of certification granted.

- Certified** = Score of up to 19% on the questionnaire
- Silver** = Score of 50%-79% on the questionnaire
- Gold** = Score of 80%-89% on the questionnaire



### Two LEED Gold certified buildings

iA Financial Group is proud to announce that we obtained LEED (Leadership in Energy and Environmental Design) Gold certification for our new 988 West Broadway building, where iA is the main tenant. This building has brought iA Vancouver staff together all in the same attractive workplace.

Also, on October 26, 2018, iA acquired and holds 100% of a LEED Gold certified office building in Winnipeg. Centrepoint is a 5-storey office building located at 311 Portage Avenue in downtown Winnipeg.

By fulfilling credits, LEED projects earn points that determine their certification level: Gold level is 60-79 points.

We also have other properties currently in the process of obtaining certification.



## Waste management

In Quebec, iA Financial Group commissions an external firm to perform a characterization study measuring its waste material recovery rate in order to meet the certification criteria of the Recyc-Québec *ICI ON RECYCLE!* program. A recovered material is one that “continues its useful life” and thereby avoids ending up in landfill.

Company and building	Certification obtained	Recovery rate
<b>iA Financial Group</b> 1080 Grande Allée West Quebec City	Level 3 Performance, Silver Seal	83.1%
<b>iA Auto and Home</b> 925 Grande Allée West Quebec City	Level 2 Implementation	Not required

For its properties in Quebec City, iA Financial Group does business with Recyclage Vanier, a local social reintegration company, for ultra-secure recycling of the paper recovered in its offices.

## Electronic devices

Since 2015, iA Financial Group has installed two Electrobac recovery containers where employees and tenants can recycle their small electronic devices. Items deposited are collected and sent to a certified processing centre. Any data stored in the devices is completely destroyed and they are then recycled or refurbished.

Location	Weight recovered (lbs)	Number of devices collected
Head office	162	940
Marly building	296	1,717
<b>Total</b>	<b>458</b>	<b>2,656</b>

These recovered devices represent the equivalent of:



**202**

mature  
trees  
saved



**3,346**

litres  
of fuel  
saved



**7,548**

plastic  
bottles  
recycled

## Paper recycling programs

In our Quebec City and Vancouver offices, over 167 tons of paper were recovered for recycling in 2018. This measure helped save:



**557**

tons of  
CO<sub>2</sub>e



**2,870**

trees



**691,847**

kWh of  
electricity



**4,380,795**

litres  
of water

### Paper recovered (in metric tons)

	2018	2017	2016
Quebec City	149.0	161.0	153.0
Vancouver	18.5	17.0	17.5
<b>Total</b>	<b>167.5</b>	<b>178.0</b>	<b>170.5</b>

## Other materials

In Vancouver, we obtained the following results for other materials.

	2018	2017	2016
Styrofoam (volume in gallons)	1,620	1,350	1,080
Mixed containers* (volume in gallons)	6,500	6,500	6,500
Soft plastics (volume in gallons)	6,500	6,500	6,500
Light bulbs (units)	700	700	700
Batteries (lbs)	150	200	200

\*Glass, plastic, tetra-pack/gable

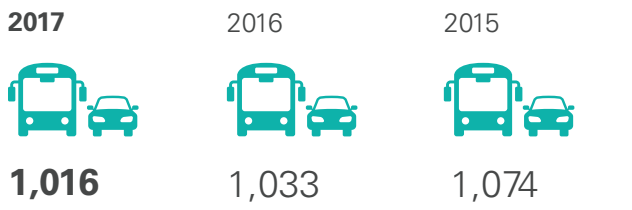
## Transportation

We calculate the annual greenhouse gas emissions generated by head office employees when travelling for business as well as on their commutes to and from work.

### Business travel by plane (in CO<sub>2</sub> equivalent tons)



### Employee commutes (in CO<sub>2</sub> equivalent tons)



### Promotion of public and active transportation

We encourage our employees to use alternative means for commuting through carpool programs and incentives regarding public and active transportation.

#### Public transit

Measures:

In Quebec City, an additional incentive of 50% of the Quebec City and Lévis bus pass is paid by iA Financial Group for employees. For Quebec City employees of iA Auto and Home Insurance (iAAH), the entire cost of the pass is paid by the employer.

Also, through its Transit Support Program launched in February 2018, iA Financial Group provides financial support to its Montreal, Toronto and Vancouver employees who use public transit as their primary mode of transportation to the office. These employees are reimbursed \$50 per month, provided they meet the eligibility criteria. This program had a major impact for our employees. For example, in Montreal, the number of public transportation users rose from 170 to 300 during the year.

#### Number of users (Quebec City)



Our bike parking areas at 2000 and 2200 McGill College Avenue in Montreal are secure and easy to locate

#### Carpooling

Since 2009, iA Financial Group has offered employees in Quebec City and Montreal a carpooling program in partnership with ridesharing.com. A total of 243 employees are registered for the program.

In addition, iA Financial Group has 24 reserved parking spaces in Quebec City for employees who carpool to work.

#### Electric vehicle charging stations

Twenty-three electric vehicle charging stations are available to employees and tenants on twelve of iA Financial Group's properties.

#### Active transportation

Quebec City:

- Over 200 bike racks on our various properties, most of them in secure indoor locations
- Locking bike racks
- Showers and change rooms

Vancouver:

- Bike to Work events

Again in 2018, employees participated in Bike to Work weeks or Bike to Work month.

	2018	2017	2016
Total riders	14	7	20
All weather regular basis riders	7	4	6
Trips logged	192	147	461
Total km	1,763	1,178	3,515
Calories burned	52,897	35,324	105,455

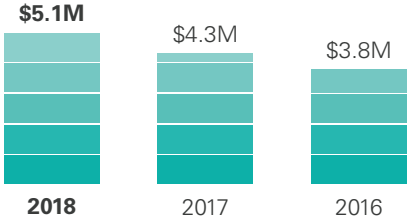
#### Guaranteed ride home policy

iA Financial Group offers an emergency guaranteed ride home (GRH) policy for employees in Quebec City and Montreal who use public and active transportation.

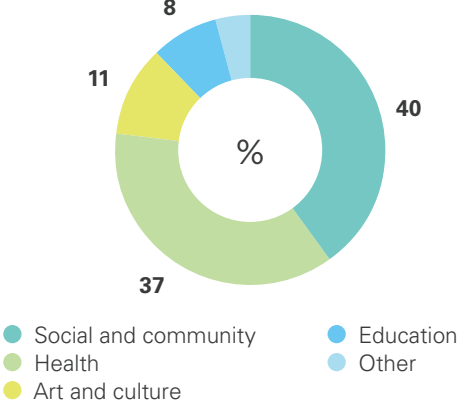
# Social impact

## Social impact

In 2018, iA Financial Group donated \$5.1 million, or the equivalent of \$750 per employee, to close to 500 different organizations. These figures exclude subsidiary donations.



## 2018 donations



## Donation program for employees involved with charitable organizations

	2018	2017	2016
Total donated	\$50,000	\$40,000	\$57,000
Number of organizations	30	36	43
Company employees, retirees or representatives serving as volunteers or benefit attendees	250	250	230

## iA Financial Group Foundation for Learning a Second Language

In 2018, 35 grants were awarded to college-level students for language immersion trips through the iA Financial Group Foundation for Learning a Second Language.



## United Way-Centraide campaigns

Altogether, our 2018 campaigns allowed us to give a total of \$1,578,306 to community organizations supported by United Way-Centraide. This is once again a new record for the company!



## Disaster relief

In 2018, iA Financial Group donated \$50,000 to the Canadian Red Cross in support of victims of the year's major tornado in Gatineau, Quebec.



## Governance impact

### Consultations on executive compensation

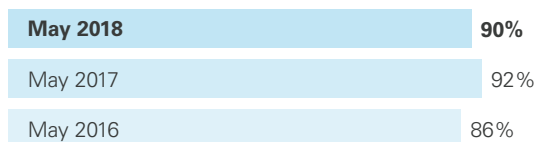
Every year since 2010, we have held an advisory vote on executive compensation at our annual shareholders' meetings.

We believe that our common shareholders should understand our principles and objectives regarding executive compensation and should be able to express their opinion on our approach.

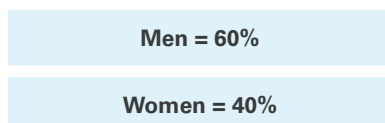
At our annual meeting held in May 2018, the result of the advisory vote on executive compensation was 90.3% in favour of our approach.

The reasonableness of the company's executive compensation was recognized by shareholders. We are committed to continuing our dialogue with shareholders on this topic.

#### Advisory vote on executive compensation – Votes in favour



#### Composition of the Board of Directors (at December 31, 2018):



In addition to its regular activities, the Board of Directors adopted or updated the following policies in 2018 or the first quarter of 2019:

- Risk Management Policy Regarding Fraud and Other Practices Associated with Financial Crime  
This policy establishes the basis of the risk management program regarding fraud and other practices associated with financial crime.
- Disclosure Policy  
This policy is intended to ensure that our communications to the general public of investors are timely, factual, accurate, balanced and broadly disseminated, in compliance with relevant legal and regulatory requirements.
- Securities Trading Policy  
The objectives of this policy are to inform company insiders and employees of their obligations and responsibilities as regards trading or dealing in the securities of iA Financial Corporation Inc. and Industrial Alliance Insurance and Financial Services Inc. and to establish certain internal rules regarding these transactions.
- Sustainable Development Policy  
This policy establishes our sustainable development reference framework, defines our guidelines and identifies our sustainability objectives and the best practices to follow.
- Board Diversity Policy  
This policy confirms our will to encourage diversity on our board of directors and specifies how diversity is included in the director selection process.

# Our community involvement in pictures



Hundreds of employees took part in the second annual Day of Caring on May 4. In Dieppe, New Brunswick, employees of RoyByrns & Associates, affiliated with Investia Financial Services and Hollis Insurance, served a special lunch to and played games with residents of Bellevue nursing home.

On May 28, forty-three of our employees joined Yvon Charest at the Leucan Shaved Head Challenge in Quebec City. Our then President and CEO, Yvon Charest, was honorary co-president of the event. He took part in the challenge himself for the sixth year in a row. Over \$100,000 was raised by iA to help sick kids and their families.



Several booths were set up at our iA Auto and Home subsidiary for a sale of homemade organic soaps and cleaning products, for an organic cosmetics sale to benefit United Way-Centraide and for registration for an organic basket service. This was the seventh consecutive year for the latter initiative.



With the arrival of the spring weather, beehives were installed on the roof of our head office. The delicious local honey produced by the iA bees was sold to our employees this fall, and profits of \$1,500 were donated to United Way-Centraide Québec and Chaudière-Appalaches.



COMMUNITY



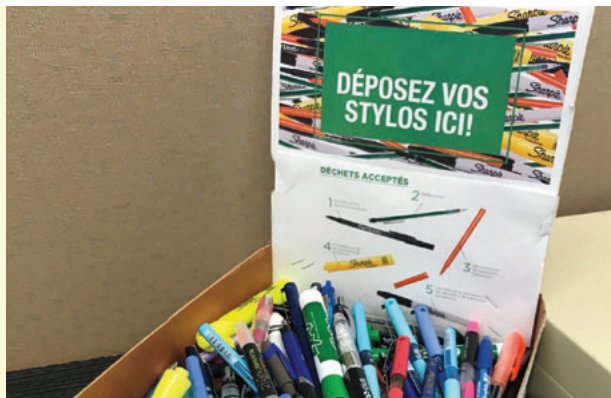
# COMMUNITY

iA Investment Counsel and Forstrong staff volunteered in the Big Bike ride to raise money for the Heart and Stroke Foundation. Among numerous other initiatives, they also hosted an event for the benefit of the Gord Downie Secret Path Fund for Truth and Reconciliation via the National Centre for Truth and Reconciliation (NCTR) at the University of Manitoba, helping indigenous children and families.



The iA Financial Group soccer team won the gold medal in its category at the Centraide Cup, held at Saputo Stadium on September 8-9. This seventh edition of the Centraide Cup helped raise \$292,500 for United Way-Centraide of Greater Montreal.

In September 2018, an employee at our head office installed boxes to collect used pens, pencils and markers as part of a recycling program in partnership with our office supply provider. The material collected is cleaned and transformed into plastic pellets that are used to manufacture new products.

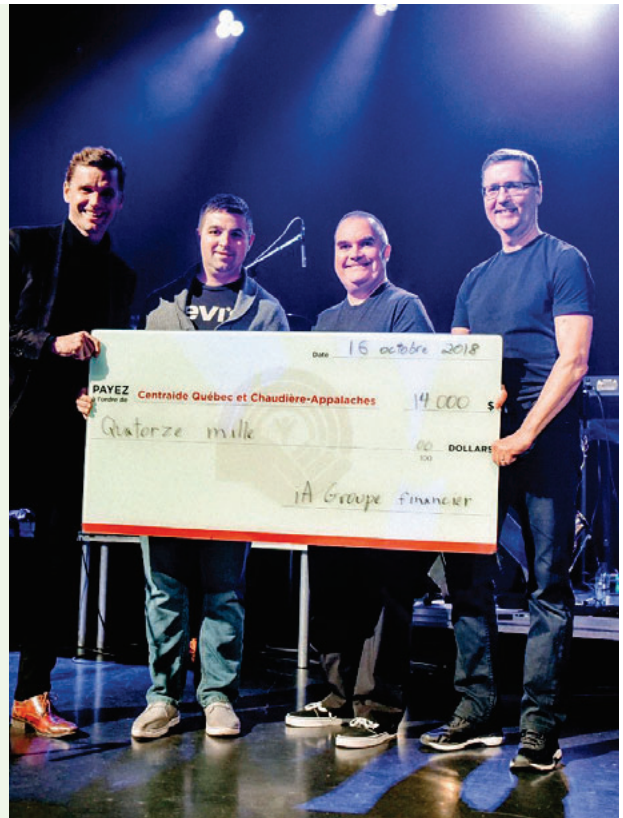


In partnership with Université Laval, iA Financial Group contributed to the content of a massive open online course (MOOC) on responsible management. Launched in the fall, the course presented various testimonials from experienced business leaders, including Jean-François Boulet, Senior Vice-President, Client and Employee Experience at iA Financial Group.



In 2018, the roof of our Marly building became home to an urban farm. The vegetables harvested there by local business *Du toit à la table* were sold in organic baskets to our local employees. From rooftop to table, the eight tons of food produced travelled a total of less than ten kilometers. In addition, all of the roof rental proceeds were donated to United Way-Centraide Québec and Chaudière-Appalaches.

On October 16, a benefit concert raising \$14,000 was given by a group of talented iA employees, for iA employees, to launch our 2018 United Way-Centraide Québec and Chaudière-Appalaches campaign.



On November 25, sixteen of our employees in Toronto participated in the annual CN Tower Climb fundraising event. Climbing the 1,776 stairs to the top of the tower, our team was able to raise \$2,745 for United Way of Greater Toronto. iA Financial Group has participated in this event for years.

# COMMUNITY

iA Vancouver held a United Way carnival including a number of fundraising activities for employees to take part in, such as a samosa sale, a balloon pop to win exclusive prizes and the very popular United Way Derby pictured here.



Employees at American-Amicable in Waco, Texas, enjoy helping the community in various ways. Monetary donations and items needed by the Family Abuse Center of Waco were collected and delivered to families in May. We also contributed to the Food for Families food drive, donating 3,440 lbs of food in November, and then we turned around and donated gifts for Christmas as part of Toys for Tots.



iA Dealer Services reached out to two families during the holidays through the *Paniers de Suzie* campaign to help families in need in the Montérégie region of Quebec. In addition to receiving gifts from our colleagues, the children in these families got to go shopping with them to fill their families' grocery carts.





### Find us on our website

This report, our sustainable development policy and various other documents related to sustainable development are available on our website at [ia.ca](http://ia.ca), under *About iA*, in the *Sustainable development* section.

Feel free to consult these documents anytime you like.

### iA Financial Group does its part to respect and protect the environment.

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