Climate-related Financial Disclosures

Sustainable Investing

December 2023

AIMCo

Climate change is one of the most pressing systemic risks of our time, with worldwide efforts accelerating to keep global warming within 1.5°C above pre-industrial levels — a threshold scientists believe is necessary to avoid even more catastrophic impacts to people, the planet and ultimately, long-term investment returns.

Climate risk is non-diversifiable and can impact the revenues, expenditures, assets and liabilities, and capital and financing of the companies we are invested in on behalf of our clients. AIMCo recognizes the business imperative of integrating climate considerations into our investment strategies. We view the physical, regulatory and reputational risks associated with climate change — along with opportunities to earn a return on investments that support the transition to the low-carbon economy — as material to delivering persistent, superior risk-adjusted net total returns to our clients.

For the fifth consecutive year, AIMCo is publishing its Climate-related Financial Disclosures. This report provides transparency around the climate-related financial risks and opportunities associated with climate change as they relate to AIMCo's operations and our clients' investments.

In this report you will find:

- Disclosures in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Framework
- AIMCo's carbon footprint attributable to its operations
- AIMCo's carbon footprint attributable to its investment portfolio
- Climate scenario analysis

The International Sustainability Standards Board (ISSB) is a global organization dedicated to developing and implementing sustainability reporting standards. In June 2023, the ISSB released its first two standards — IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

- IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term
- IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1
- With this release, the IFRS Foundation welcomed the completion of the TCFD work and transfer of monitoring responsibilities to the ISSB starting in 2024.

These two new standards help consolidate existing standards including, the Sustainability Accounting Standards Board (SASB) and the TCFD framework.

As per the IFRS S2 standard, AIMCo will continue to publish climate-related financial disclosures in alignment with TCFD.

Disclosure According to the TCFD Framework

The TCFD is structured around four thematic areas to help companies disclose climate-related risks and opportunities: governance, strategy, risk management, and metrics and targets.

AIMCo's Application of TCFD Recommended Disclosures

We follow TCFD's recommendations on financial disclosures related to climate change and disclose our progress annually.

Governance

TCFD Recommendation

- *Describe the board's oversight and management's role in assessing and managing climate-related risks and opportunities.*

AIMCo's Approach

Describe the board's oversight of climate-related risks and opportunities.

- The AIMCo Board of Directors oversees the governance of Sustainable Investment (SI) at AIMCo and approves the Responsible Investing Policy, which applies to all assets under management (AUM) and Environmental, Social and Governance (ESG) issues including climate change.
- The AIMCo Board is briefed on AIMCo's ESG performance, strategy, and trends, including those related to climate change.
- The Investment Committee of the Board reviews and oversees AIMCo's overall approach to ESG matters and the alignment of this approach with AIMCo's long-term business and investment strategies.

- The Audit Committee of the Board reviews key ESG disclosures and the adequacy and effectiveness of applicable internal controls related to such disclosures.
- The AIMCo Board Education Program shares education materials and external learning opportunities on climate change.
- Corporate Responsibility/ESG is a competency on the AIMCo Board of Directors Competency & Skills Matrix.

Describe management's role in assessing and managing climate-related risks and opportunities

- One of AIMCo's seven Corporate Objectives for 2023 was to "Evolve our ESG integration by focusing on climate". Several teams had division and/or individual objectives with associated key performance indicators tied to this overarching corporate objective. Achievement of Corporate, Division and Individual Objectives are performance measures included in AIMCo's annual Corporate Incentive Plan for all employees.
- AIMCo has an internal cross functional working group focused on developing and implementing our Climate Program/Approach.
- AIMCo's Investment Committee receives climate-related risk analysis as part of ESG due diligence conducted for potential deals and approves all ESG-related policies, including those that apply to material issues like climate change.
- AIMCo provides our client boards and management teams with quarterly ESG Learning Labs focused on providing information and resources on material ESG issues, including climate change.

Strategy

TCFD Recommendation

» *Describe the climate-related risks and opportunities identified, their impacts and the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.*

AIMCo's Approach

Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

» AIMCo's teams analyze the different types of physical climate risks and transition risks over various time horizons. These risks are taken into consideration for potential new investments across asset classes.

» Regardless of the time horizon, each asset class requires a tailored approach to integrating ESG risks and opportunities; however, the approaches are aligned and span pre-investment, investment decision and post-investment stages. More information can be found in AIMCo's ESG Integration Report.

Describe the impact of climate-related risks and opportunities on the organization's businesses strategy and financial planning.

» A multidisciplinary team has developed an AIMCo specific, investment-driven lens to classify the risks and opportunities as they relate to climate change (AIMCo's Climate Taxonomy).

» We exercise shareholder voice through proxy voting to promote climate-related disclosure. AIMCo supported 80% of 'Say on Climate' management proposals during the 2023 proxy season.

» We engage with investee companies to encourage climate-related financial disclosure and alignment to TCFD reporting standards. Over the 2023 proxy season, 49% of our engagements conducted had a primary discussion topic of climate and improving climate-related disclosures. In the same period, we conducted nine collaborative engagements through Climate Engagement Canada (CEC) or Climate Action 100+.

» We advocate with policymakers, regulators and stock exchanges to encourage the adoption and evolution of climate-related disclosure guidance such as the International Sustainability Standards Board's (ISSB) updates.

- AIMCo actively participates in advocacy and collaboration initiatives focusing on climate including the Investor Leadership Network (ILN) Climate Change Advisory Committee, Partnership for Carbon Accounting Financials (PCAF), Sustainable Finance Action Council, World Benchmarking Alliance (WBA), Climate Action 100+ and Climate Engagement Canada (CEC).
- We measure emissions across asset classes to conduct historical and future-focused climate analysis to identify key drivers of climate risk and resilience.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- AIMCo uses climate scenarios as a tool to identify and assess how climate-related risks may affect our real assets and our financial performance. We use three climate scenarios to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact our clients' investments over time (see Scenario Analysis).

Risk Management

TCFD Recommendation

» *Describe the organization's processes for identifying, managing and assessing climate-related risks and how they are integrated into the organization's overall risk management.*

AIMCo's Approach

Describe the organization's processes for identifying and assessing climate-related risks.

» Teams across AIMCo strive to identify material climate risks at various stages of the investment process and across the fund to ensure an integrated, coordinated approach.

» We identified several short, medium and long-term risks, including risks related to investment in high-emitting sectors, which could lead to counterparty and/or higher stranded asset risk.

» AIMCo is exposed to regulatory risk from rapidly changing policy, and operational risk as business could be impacted by changing weather patterns.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

» AIMCo has tools and processes to help quantify climate-related risks and opportunities, including carbon footprinting, Climate Value at Risk (Climate VaR) scenario analysis and FTSE Green Revenues.

» Climate-related risks are managed through investments in low-carbon assets, by researching best practices in climate mitigation, via climate-related pre-investment and post-investment analysis, through stewardship activities, including active management, engagements and proxy voting, and by delivering climate-related reporting to our clients.

Metrics and Targets

TCFD Recommendation

» *Disclose the metrics, greenhouse gas (GHG) emissions and targets used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.*

AIMCo's Approach

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

» We monitor and disclose different metrics to capture both historical and forward-looking perspectives. For example, our carbon footprint provides a snapshot of the total emissions generated by our investments during the prior calendar year, while Climate VaR estimates the portfolio's climate-related risks and opportunities out to the year 2100, under different warming scenarios.

» AIMCo follows PCAF's Financed Emissions standard as the method to attribute emissions to an investor, proportionate to their investment's equity and debt holdings. Our 2022 carbon footprint scope expanded to include Private Debt & Loan.

» Following new standards developed by PCAF, AIMCo has calculated the carbon emission removals attributable to our forestry assets.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.

» As a provider of investment management services to our institutional clients, AIMCo's carbon emissions footprint can be divided into:

  » Emissions attributable to our corporate operations (Scope 1, Scope 2 and Scope 3, excluding our investment portfolio)

  » Emissions attributable to our investment portfolio (Scope 3)

Behind the Numbers

The absolute greenhouse gas (GHG) emissions that banks and investors finance through their loans and investments are often referred to as 'financed emissions'.

Indirect GHG emissions are those emissions emitted from sources not owned or controlled by an entity. For financial institutions, Scope 3 GHG emissions are by far the largest component of their total GHG emissions.

- **Scope 1** – direct emissions that are the result of owned or controlled sources
- **Scope 2** – indirect emissions that result from the generation of purchased electricity, steam, as well as heating and cooling
- **Scope 3** – indirect emissions that are the result of activities from assets not owned or controlled by the organization, but that the organization indirectly impacts in its value chain. Includes investments managed by the reporting company on behalf of clients

As a provider of investment management services to our institutional clients, AIMCo's carbon emissions footprint can be divided into:

- Emissions attributable to our corporate operations
- Emissions attributable to our investment portfolio

Emissions Attributable to AIMCo's Operations

AIMCo is not only dedicated to actively monitoring and mitigating the environmental impact of its investments, but also the environmental impact of its offices around the world. AIMCo employs nearly 700 people in Canada, the U.S., Europe and Asia and we continue to look at various ways to reduce emissions from the buildings we occupy and from business travel, where applicable.This year, we added our Toronto office to our annual GHG inventory update.

This addition contributed to a modest increase in our Scope 2 emissions, mostly attributable to electricity consumption. The return of business travel also resulted in a rise in Scope 3 emissions from the previous year. However, it's worth noting that business travel at AIMCo is still below pre-pandemic levels.

	Tonnes of Carbon Dioxide Equivalent (tCO_2e)			
	2022	**2021**	**2020**	**2019**
Scope 1 - Direct Emissions	319	374	592	637
Fuel - Natural Gas	319	374	592	637
Scope 2 - Indirect Emissions	1,322	1,255	1,342	1,110
Electricity	1,322	1,255	1,342	1,110
Scope 3 - Other Indirect Emissions	543	124	218	643
Business Travel - Car	2	0	0	1
Business Travel - Hotel	16	1	4	16
Business Travel - Flights	513	109	199	625
Waste	10	11	14	0
Water	2	2	2	1
Total Emissions	**2,184**	**1,753**	**2,151**	**2,390**

Emissions Attributable to AIMCo's Portfolio

AIMCo, along with one hundred other financial institutions, has committed to measuring and disclosing financed GHG emissions associated with its investment portfolios informed by the Partnership for Carbon Accounting Financials (PCAF) standard. This standardization ensures that data is consistent, structured and measured. It also allows for easier comparisons and analyses across different entities. This consistency is vital for investors, regulators and other stakeholders seeking to make the best decisions.

In-Scope Assets Under Management

The investment portfolio emissions reported includes the Scope 1 and Scope 2 emissions of the underlying companies in our portfolio, based on the latest available data. Combined, the investments with established carbon accounting approaches in the AIMCo asset classes shown in the following table represent 80% of our in-scope assets under management as of December 31, 2022.

AIMCo Asset Classes	**Absolute Financed Emissions**		**Financed Emissions Intensity**	
As at December 31	(tCO_2e tonnes of carbon dioxide equivalent)		(tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021[2]**	**2022**	**2021[2]**
Money Market and Fixed Income[1]	399,137	626,087	28	36
Public Equities	1,566,686	1,316,558	65	48
Private Markets				
Private Equity	193,728	181,718	23	24
Real Estate	252,496	217,831	17	15
Infrastructure	1,387,705	1,102,500	93	105
Renewable Resources	51,615	9,242	18	6
Total Fund	3,851,368	3,453,935	48	45
Interim Portfolios[3]	842,047	795,023	59	52

AIMCo's Total Fund carbon emissions rose relative to 2021 under both the absolute financed and financed intensity metrics. The increase in emissions cannot be attributed to one single factor and some of the changes may be reversed in the future. Factors that may influence the calculations include pandemic reopening impacts, and changes to asset valuations, currency exchange rates, sector exposures, market values and company carbon emissions. Moreover, changes in methodology were implemented to incorporate emissions of more assets under management. This was done by taking into account proxied emissions based on sector-specific carbon emission intensities and asset-specific features like floor area in commercial real estate or sector classifications for private assets.

Sovereign Debt

Carbon accounting standards for financial institutions continue to evolve. PCAF developed guidance to attribute emissions from sovereign bond investments and accounting for carbon emission removals generated from investments in technology and nature-based solutions. As per the guidance, we are disclosing the results separately from the Total Fund calculations.

	Absolute Financed Emissions		**Financed Emissions Intensity**	
	(tCO_2e tonnes of carbon dioxide equivalent)		(tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Sovereign Debt[4]	1,997,579	2,963,636	285	344

[1] Includes carbon emissions attributable to Mortgages, Private Debt & Loan, and Corporate Debt and excludes emissions attributable to Sovereign Bonds.

[2] Based on methodology updates and addition of new assets classes, our scope has changed. Therefore, we recalculated our 2021 carbon footprint to transparently disclose our carbon trajectory.

[3] Emissions from assets being held in the interim as a result of assets transferred in 2021 from the onboarding of Alberta Health Services (AHS), Alberta Teachers' Retirement Fund (ATRF) and Workers' Compensation Board (WCB).

[4] Sovereign Debt include bonds and loans of all maturities issued in domestic or foreign currencies. Repurchase/Reverse Repurchase transactions are excluded. PCAF requires the reporting of emissions under two methods, sovereign production and sovereign consumption. In addition, both methods are to be presented including and excluding Land Use, Land-use Change and Forestry (LULUCF). We have chosen the production method including LULUCF in the main body of our disclosure to align with our previous year's disclosure. We present the additional metrics in our Notes below.

We continue to measure and monitor emissions attributable to investment in government issued securities; however, these investments exist for liquidity management and are subject to decisions outside the management of carbon emissions in our portfolios, with thresholds generally prescribed by client investment risk appetites. As a result, we caution against interpreting any increases or reductions in carbon emissions associated with investments in these securities as they do not conform to our active management strategies. Regardless, we witnessed a year-over-year reduction in emissions. The decrease is driven by valuation changes rather than true reduction of carbon emissions by government entities.

Emission Removals

Beyond emission reductions, financial institutions can actively contribute in the transition to a low-carbon economy by financing carbon removals. Carbon removals include both natural and technological strategies to remove carbon dioxide from the atmosphere and store it through various means, such as in trees and plants. AIMCo's Renewable Resources portfolio includes timberland and agricultural investments that provide inflation hedging and a long-term duration, which aligns with client obligations. The team acquires and manages equity interests in timberland, timber leases, timber harvesting rights and related assets. The portfolio has a global mandate and the team actively invests both in externally managed funds and directly in assets. As can be seen from the table, AIMCo's emissions removals in 2022 increased relative to 2021.

	Absolute Financed Emissions (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Emission Removals	736,612	312,933	261	220

Notes to Portfolio Carbon Accounting

Accurate computation of climate-related metrics in investment portfolios requires high quality, security-level data including carbon emissions data for underlying companies. High quality data is often not available for all asset classes, especially private market investments. Measurement and reporting until 100% reported data is available would impede AIMCo's near-term progress providing transparency to stakeholders. Estimates are used, based on best available data, when necessary.

While we believe that calculating the carbon footprint is an appropriate starting

point for firm-level, climate-related reporting, it is worth noting that the financed carbon emissions metrics are backward-looking in that that they only consider past emissions of companies. They do not assess how those companies may evolve their businesses to reduce their carbon emissions in the future based on transition plans, reduction targets and goals.

Equations for the carbon footprint calculations are shown below.

Absolute Financed Carbon Emissions

$$\sum_{c} \textit{Attribution Factor} \times \textit{Company Scope 1 \& 2 emissions}_{c}$$

Financed Carbon Emissions Intensity

$$\sum_{i}^{n} \frac{\textit{Financed Emissions}_{i}}{\textit{Outstanding Amount}_{i}} \times \text{M\$1} \times w_{i}$$

n total/all **i** investment **c** company **$M** millions of dollars (conversion) **w** weight (portfolio)

1. Dollars reported are CAD unless otherwise noted.
2. Emissions are expressed in terms of carbon dioxide equivalents (CO_2e).
3. Results presented reflect snapshots of the portfolio investments' carbon intensity as of December 31 of each respective year.
4. Calculations consider Scope 1 and Scope 2 emissions as defined by Greenhouse Gas Protocol. We do not consider Scope 3 as data still varies greatly per sector and data source. We continue to evaluate Scope 3 data to allow for greater comparability, coverage, transparency and reliability for future reporting.
5. For investments in public market companies, MSCI data was used. ESG data reporting by companies is often produced on a lag relative to financial data, as most ESG data disclosure and reporting takes place on an annual basis and requires significant time to produce. Where emissions or financial data are not available by the cut-off date, we use the best, latest available data and/or proxied data.
6. The Money Market and Fixed Income carbon footprint calculation includes direct short-term and long-term public and private corporate lending and our

private commercial mortgage investments. We include short-term lending to capture the carbon emissions exposure of our portfolios at a fixed point in time and include more of our assets under management.

7. The Real Estate carbon footprint includes Canadian, U.S. and European properties participating in AIMCo's annual GRESB benchmarking. Where carbon emissions data was unavailable, we follow PCAF's Commercial Real Estate standard and referenced PCAF's emissions factor database to estimate missing data. Construction and renovation assets are out of scope given availability of data to allow for effective estimation.

8. The Infrastructure and Renewable Resources carbon footprint includes direct, co-investments and funds where holdings are valued over $100 million. For companies that do not disclose emissions, we have proxied using PCAF guidance.

9. The Private Equity carbon footprint includes venture capital and relationship investments. PCAF has not developed guidance on carbon emissions accounting for externally managed funds given the challenges associated with defining organizational and reporting boundaries for carbon reporting purposes. Availability of data in private markets is also a challenge. In 2021, AIMCo developed a methodology to account for carbon emissions attributable to externally managed funds in our private market asset classes. The methodology follows PCAF's economic-activity estimation method with modifications to account for data gaps.

10. We have chosen to disclose the production method including Land Use, Land Use Change and Forestry (LULUCF) in the main body of our report to align with our previous year's disclosure. We present the additional metrics in the table below.

AIMCo Asset Classes As at December 31	**Absolute Financed Emissions** (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Sovereign Debt - Production	1,997,579	2,963,636	285	344
Sovereign Debt - Production ex-LULUCF	2,042,973	3,026,526	292	340
Sovereign Debt - Consumption	101,512,926,760	146,212,193,071	14,238,461	16,972,911
Sovereign Debt - Consumption ex-LULUCF	105,047,930,978	150,548,691,832	14,735,874	17,476,310

Scenario Analysis

TCFD recommends using climate scenarios to identify and assess how climate-related risks may affect organizations and their financial performance. It is recommended that organizations consider a set of scenarios, including a '2°C or lower scenario' in line with the 2015 Paris Agreement.

AIMCo uses three climate scenarios to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact our clients' investments over time. MSCI's quantitative Climate Value at Risk (Climate VaR) tool is used to analyze the transition and physical risks and opportunities for our Public Equities, Corporate Debt and Real Estate portfolios.

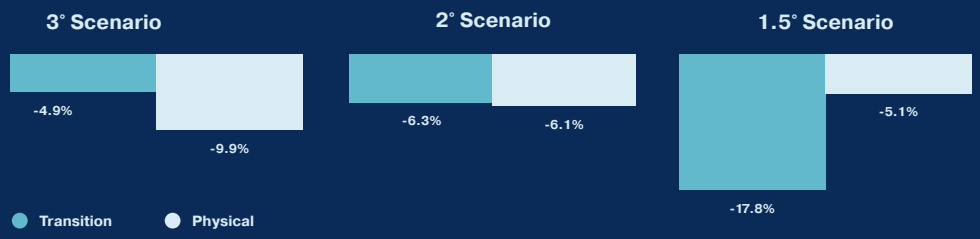
Figure 1 presents the combined results of our Public Equities and Corporate Debt portfolios. Each bar in the chart represents the percentage change in the portfolio's value due to each type of risk and opportunity under a specific scenario. Figure 2 presents the transition and physical risk results for AIMCo's Real Estate portfolio under each climate scenario.

This year AIMCo used Network for Greening the Financial System (NGFS) scenarios. NGFS is a group of 116 central banks and supervisors and 19 observers committed to sharing best practices, contributing to the development of climate- and environment-related risk management in the financial sector and mobilizing mainstream finance to support the transition toward a sustainable economy.

Reasons for for using NGFS scenarios, including the REMIND model, in this year's report include better data as well as scenario enhancements like countries' commitments to reach net-zero emissions, sectoral granularity and a more detailed representation of physical risks.

Figure 1

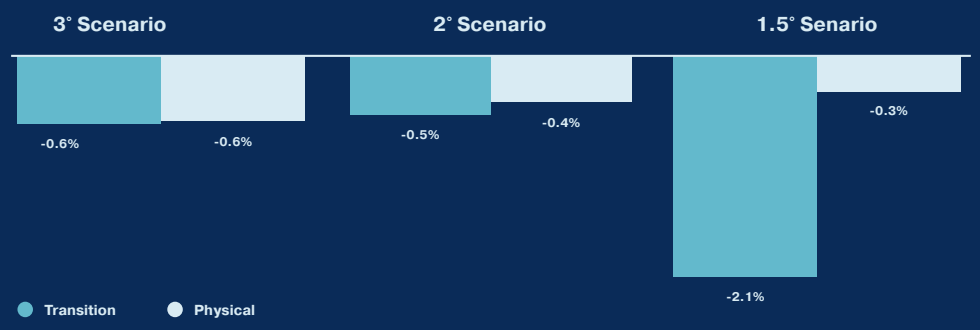
AIMCo Public Equities and Corporate Debt Climate Value at Risk by Scenario & Type



Under the 3°C scenario, the transition risk and opportunities of the combined Public Equities and Corporate Debt portfolio is -4.9%. This is a combination of a negative impact from policies implemented in the scenario and a positive impact from technology advancement opportunities. In the case of physical risks, under the same scenario, the overall risk is -9.9%. Physical risks represent the tangible and drastic effects of climate change, such as flooding, hurricanes and other weather-related events. Of course, extreme events like these can disrupt companies' operations directly and/or indirectly, ultimately affecting AIMCo's clients' portfolios.

Figure 2

AIMCo Real Estate Climate Value at Risk by Scenario & Type



Application of Scenario Analysis

AIMCo uses the scenarios to help assess potential climate impacts on its real estate assets. We analyze our various assets under each temperature scenario to determine how assets may be affected by:

Physical Risks

- Extreme Weather Events: More frequent and severe events such as hurricanes, floods, or wildfires that may damage or destroy properties.
- Sea-level Rise: Any real estate assets in coastal areas that are at risk of flooding due to rising sea levels which can affect a property's value and viability.

Transition Risks

- Market Demand: Changing market dynamics towards sustainable and energy-efficient buildings may affect the value and functionality of an asset.
- Carbon Pricing: The implementation of carbon pricing could have a profound impact on the operational cost of an asset.
- Stricter rules, regulations, and policies as they relate to energy efficiency and environmental standards which may affect the value and operational cost of an asset.

Market Value

- Depreciation: Properties could be at risk of being damaged or become obsolete due to climate change, ultimately depreciating in value.
- Shifts in demand: Climate change will affect migration patterns, affecting property values across different regions.

Opportunities

- Green Infrastructure: Investments with sustainable infrastructure can handle extreme weather, enhancing a property's value.
- Renewable Energy: Properties equipped with renewable energy installations may benefit from cost-savings, improving demand for a property.

By incorporating scenario analysis into our climate work, AIMCo can better align investments and investment strategies with climate-related risks and opportunities, contributing to more resilient and sustainable returns for our clients over the long term.

Assumptions for Climate VaR Model

REMIND NGFS Assumptions	**1.5 °C REMIND NGFS Orderly**	**2.0 °C REMIND NGFS Orderly**	**3.0 °C REMIND NGFS Orderly**
Real GDP growth 2010 - 2100 (CAGR)	2%	2%	2%
World Population in 2100 (billions)	9.019	9.019	9.019
Electricity Generation by Fuel Source in 2050			
% Renewables	94%	92%	80%
% Nuclear	3%	4%	3%
% Gas	3%	5%	16%
% Coal	0%	0%	1%
GHG Emissions and Carbon			
Zero GHG Emissions achieved by	2055	2100	N/A
Carbon Sequestration peak (Mt/yr)	8,779	7,498	5,342
Carbon Price USD/tons of CO_2e (2030)	184.07	57.89	9.97


AIMCo