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INVESTING IN A HEALTHY FUTURE

THE NEED TO ALIGN MONEY AND MISSION AT GREAT-WEST, MANULIFE, AND SUN LIFE

INVESTORS *for* PARIS COMPLIANCE

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ABOUT INVESTORS FOR PARIS COMPLIANCE

Investors for Paris Compliance (I4PC) is a shareholder advocacy organization that works to hold Canadian publicly-listed companies accountable to their net zero commitments. More information can be found here.

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EXECUTIVE SUMMARY

This analysis examines the investment strategies of Canada's three largest life and health insurers—**Manulife (MFC), Sun Life (SLF), and Great-West Lifeco (GWO)**—arguing that their continued substantial investment in fossil fuels fundamentally undermines their core purpose of protecting policyholder life and health. Despite public net-zero commitments, their general accounts—the long-term, low-risk assets used to cover future liabilities—show limited progress in shifting capital from high-risk fossil fuels to health-aligned climate solutions.

THE CONFLICT: HEALTH MANDATE VS. INVESTMENT STRATEGY

The combustion of fossil fuels is a significant driver of climate change and a direct contributor to mounting public health crises, including respiratory disease, cardiovascular conditions, and mortality from air pollution and climate-fueled wildfires. Air pollution is cited as a leading cause of global deaths, and wildfire smoke can be ten times more toxic than pollution from fossil fuel burning. By continuing to fund the source of these health risks, Canadian lifecos face increasing portfolio risk, rising claims costs, and a fundamental misalignment of their investment practices with their health mandate.

KEY FINDINGS ON GENERAL ACCOUNT INVESTMENTS

To align with a net-zero future and mitigate risk, global benchmarks like BloombergNEF recommend investment managers target a **4.8:1 low-carbon-to-fossil fuel energy investment ratio** by 2030. Canadian lifecos are currently falling short of this standard, with no clear intention to align:

Lifeco	General Account Renewables: Fossil Fuels (2024)	On Track for Net Zero Alignment?
Manulife	2:1 (Estimate)	No (Better ratio, but insufficient disclosure/ targets)
Sun Life	0.9:1 (Estimate)	No (Nearing parity, but insufficient disclosure/targets)
Great-West Lifeco	0.28:1 (Self-disclosed)	No (Lowest ratio, better disclosure, no target)

Based on these figures, none of the three firms appear to be on a credible trajectory to meet their general account net-zero commitments.

LACK OF QUANTITATIVE AMBITION AND TRANSPARENCY

The lifecos have not yet demonstrated sufficient ambition in reallocating capital:

- **No Specific Targets:** None of the major Canadian lifecos have set clear, quantitative targets, envelopes, or sleeves for increasing investments in renewable energy or broader climate solutions for their general accounts. This contrasts with the growing trend among global and Canadian peers (e.g., AXA IM, Allianz, RBC) to set specific targets, which increases credibility and avoids accusations of greenwashing.
- **Opaque Risk Integration:** The degree to which growing environmental factors, such as air pollution and climate change impacts, are integrated into the lifecos' proprietary mortality and morbidity underwriting calculations remains largely undisclosed and is noted as being in the early stages of research.

RECOMMENDATIONS FOR INVESTORS

Investors should engage with Manulife, Sun Life, and Great-West Lifeco to reinforce the emerging norm of aligning investments with health and climate goals. This engagement should focus on four priorities:

1. **Enhance Disclosure:** Demand transparent and comparable data on general account fossil fuel exposure and renewable energy investments to enable accurate progress tracking.
2. **Set Specific Investment Ambitions:** Require the adoption of clear, quantitative targets or "envelopes" for increasing investments in renewable energy and other climate solutions within the general account portfolio.
3. **Advance Integration:** Push lifecos to track the material health risks of air pollution and climate change in their underwriting and mortality/morbidity risk analyses.
4. **Advocate for Policy Reforms:** Encourage lifecos to use their expertise to advocate for policy and regulatory changes that create market conditions favoring health- and climate-aligned investments over fossil fuels.

INTRODUCTION

Canada's three largest life and health insurers—Manulife, Sun Life, and Great-West Lifeco—play a dual role: they underwrite the physical well-being of millions of policyholders around the world while also managing trillions of dollars on behalf of those same policyholders and asset management clients. And yet, although their core business is health, their investment strategies tell a different story—continuing to channel billions of dollars into fossil fuel combustion while neglecting sufficient investment in clean air and the energy transition.

No major Canadian lifeco has publicly acknowledged how its continued investments in fossil fuels may undermine policyholder health.

In 2021, all three life and health insurers ('lifecos') committed to achieving net-zero emissions across their general accounts—the policyholder premiums they invest to cover future liabilities. These commitments are acknowledgements that climate change poses a material risk to their business. Unique among financial institutions, the threat is not only to their portfolios but also to the health of their policyholders.

The links between fossil fuels, air pollution, and health are well documented. The link between climate and health is also now becoming recognized. In early 2024, the global insurance sector think tank, the Geneva Association, released its first report on this threat: 'Climate change: What does the future hold for health and life insurance?' Manulife and Sun Life collaborated on this publication and each also explicitly acknowledges the link between climate change and the health of their policyholders in shareholder disclosures. Yet, despite this, no major Canadian lifeco has publicly acknowledged how its continued investments in fossil fuels may undermine policyholder health.

Furthermore, a combination of company data and our estimates indicates that two out of three remain more heavily invested in fossil fuels than in renewable energy within their general accounts. Manulife is ahead of its peers in this regard at a 2:1 ratio. However, none appear on track for net zero alignment by 2030, which BloombergNEF defines as a ratio of at least 4.8:1 low-carbon vs fossil fuel energy investments. Moreover, none have committed to specific quantitative targets for increasing investments in renewable energy or in climate solutions more broadly—an area where other Canadian financial institutions, including RBC, National Bank, and The Co-operators, as well as global peers like Axa and Allianz, are already moving forward.

This is a missed opportunity. Canadian lifecos could better align their general accounts with their core health mandate by setting clear ambition to increase their renewable energy investments, particularly given the growing economic opportunity. In 2024, the World Economic Forum predicted that climate solutions sectors have "the potential to grow at an estimated 7-11% per annum and expand from roughly 8% of today's global listed market capitalization to approximately 12-17% by 2030."[1]

1 World Economic Forum, 'Just how big is the decarbonization investment opportunity?' (Jan 26, 2024).

FOSSIL FUEL INVESTMENTS & HEALTH

The negative correlation between fossil fuel investments and public health is well established. The combustion of fossil fuels contributes to respiratory disease, cardiovascular conditions, heat-related mortality, wildfires, and growing mental health challenges[2]—all of which can drive health insurance claims. In particular, data is growing about the significant health costs associated with air pollution, both due to the direct combustion of fossil fuels or wildfires associated with climate change.

"Replacement of fossil fuels by clean, renewable energy sources would have tremendous public health and climate co-benefits."

SIGNIFICANT FOSSIL FUEL-RELATED AIR POLLUTION: PM2.5 & WILDFIRES

Air pollution is a leading cause of death globally (see Figure 1). Countries with the worst air quality are those that rely significantly on coal combustion for power generation, like India, Indonesia, China, Vietnam, Malaysia.[3] A 2023 study published in the journal Science in 2023 found that for every 1 µg/m3 increase in coal PM2.5, mortality increased by 1.12%. To put this into context, between 1999 and 2020, the study found that 460,000 deaths would not have occurred in the United States in the absence of emissions from coal power plants. According to a 2023 study from the Max Planck Institute of Chemistry, globally, an estimated 5.13 million excess deaths annually are attributable to ambient air pollution from fossil fuel use.[4] The authors conclude that "replacement of fossil fuels by clean, renewable energy sources would have tremendous public health and climate co-benefits."

Notably, Sun Life and Manulife provide life and health insurance across coal-reliant Asian countries. All three lifecos are also top Canadian coal investors.[5]

AP Photo / Manish Swarup

2 For a comprehensive review of the state of climate health impacts, see: The 2025 report of the Lancet Countdown on health and climate change (Oct. 28, 2025); high-level findings summarized here: "Rising heat kills one person a minute worldwide, major report reveals" The Guardian (Oct. 29, 2025).

3 IQAir, www.iqair.com/ca/.

4 'Air pollution deaths attributable to fossil fuels: observational and modelling study' (BMJ 2023).

5 Urgewald, Investing in Climate Chaos (data current as of May 2024).

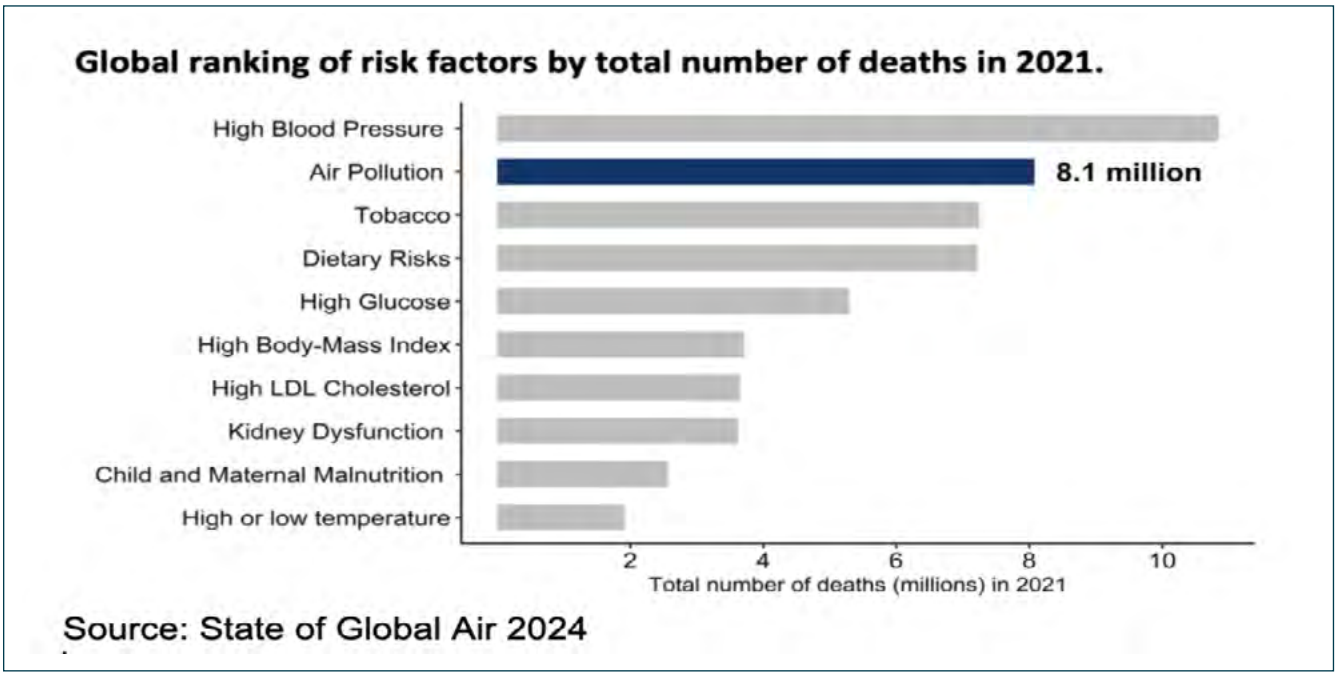

FIGURE 1. GLOBAL RANKING OF RISKS FACTORS BY TOTAL NUMBER OF DEATHS IN 2021. (SOURCE: STATE OF GLOBAL AIR, 2024)

Wildfires are a more potent form of air pollution. They are 10 times as toxic as air pollution from the burning of fossil fuels, according to a recent Stanford University study. Air quality impacts from forest fires are also leading to mounting health costs. One five-day period of wildfire smoke in 2023 resulted in an estimated $1.28 billion in healthcare costs in Ontario alone, prompting several health care organizations to demand the provincial health minister declare a health emergency. A recent study published in the journal Nature establishes that smoke from wildfires is responsible for over 41,400 deaths in the US, and is projected to rise to 71,420 excess deaths per year by 2050 under a high warming scenario.

Leading medical and public health institutions—including the Canadian Medical Association (2021), The Lancet (2024), and the World Health Organization (2024)—have explicitly called for the end of fossil fuel financing, framing it as a public health emergency.

ENVIRONMENTAL FACTORS IN UNDERWRITING AND RISK ANALYSIS

We do not know the extent to which environmental factors such as air pollution and climate impacts are integrated into the lifecos' mortality and morbidity calculations. This is partly due to the fact that underwriting practices are proprietary, so there is limited transparency on this issue.

While air pollution and climate impacts pose a clear and growing risk to policy holders, this is not necessarily the same thing as posing a material risk to company earnings—which require shareholder disclosure under relevant securities laws and according to supervisory guidance. That being said, Sun Life did assess both health risks in its 2023 Annual Report. None of the three flagged these growing health risks in their 2024 annual reports, or made the link to investing practices.

A summary of their related 2024 disclosures is provided below.

MANULIFE

- In its 2024 Climate Action Implementation Plan Manulife states that it is updating its insurance products to better account for climate-related health risks and is "evaluating necessary steps to better understand the impact of climate on morbidity and mortality." [6]
- Manulife does not refer to fossil-fuel-health related underwriting or investment risks within its 2024 Annual Report.
- On November 12, 2025, Manulife launched its Global Longevity Institute, committing $350 million by 2030 to accelerate progress on lifelong health and financial resilience via research, innovation, and partnerships. In particular, the Institute will focus on the widening gap between how long people live and their quality of life. No reference is made to whether the institute will examine the linkages between environmental factors like air pollution and health.

SUN LIFE

- Although Sun Life explicitly acknowledged the significant risk posed by climate change to policyholder health in its 2023 Annual Report (see excerpt below), it did not do so in its 2024 Annual Report.

> "Climate change has a variety of implications for our business as an asset management and insurance company, especially when considering the impacts of climate change on human health. As an organization that provides life and health insurance products to Clients across the globe, we are keenly aware of the vast implications of climate change on our Clients' well-being. The increased severity and

6 Manulife, Climate Action Implementation Plan (Version 1.1) , at 7, see also 30.

> frequency of extreme weather events and the chronic shift towards higher temperatures have significant impacts on health. Heat-related deaths and hospitalizations have increased over the last decade and will continue to increase as temperatures rise. Lower air quality from pollutants, rising temperatures and wildfires can have long-term implications on respiratory health. Emotional distress, anxiety and trauma caused by these extreme weather events can also negatively impact mental health. Changing precipitation and ensuing floods, droughts and wildfires directly impact food crops and can lead to food insecurity and malnutrition.
>
> Changing precipitation and warming temperatures also increase the proliferation of pests, causing direct damage to food crops, while also increasing the transmission of vector-borne diseases like dengue fever and Zika virus."[7]

- In its 2024 Sustainability Report, Sun Life commits to research the issue further:

> "We anticipate a changing climate is going to influence morbidity and mortality, but the data to grasp the full extent doesn't exist today. By gaining a deeper understanding of the health impacts of a changing climate, and finding ways to mitigate or avert those impacts, we can help our Clients live healthier lives."[8]

A similar comment is made in Sun Life's 2024 OSFI B-15 Climate Risk Management Report (at 13).

GREAT-WEST LIFECO

- Great-West Lifeco does not specifically address fossil-fuel health-related risks to its underwriting or investment in its 2024 Annual Report or Annual Information Form.
- In its 2025 CDP survey response, it simply states that it undertakes research and analysis "to provide the basis for establishing pricing and valuation assumptions that properly reflect the insurance market, including potential climate-related health impacts."[9]
- Great-West Lifeco's major Canadian subsidiary Canada Life's OSFI B-15 Climate Risk Management Report (at 10), notes that "[re]search and analysis on climate change's possible impact to mortality and morbidity continues to be in the early stages."

This indicates that life insurers have determined that these growing policyholder risks—and the companies' own contribution to those risks via their investing practices—do not yet materially affect their earnings. Notably, neither do any of the three discuss potential reputational or legal risks related to this issue.

7 Sun Life, 2023 Annual Report, at 81.
8 Sun Life, 2024 Sustainability Report (2025) at 9.
9 Great-West Lifeco, 2025 CDP, at 34.

LIFECO PROGRESS TO DATE

By shifting capital toward solutions like renewable energy, lifecos can align their investment strategies with their core mission: safeguarding long-term health. In doing so, they can lead with credibility, support public health, and tell a proactive, values-aligned investment story to policyholders, regulators, and global markets.

Although general account assets represent a smaller share—about 15% to 30%—of total assets under management for Canada's largest lifecos, they are a logical starting point for achieving alignment. Lifeco general account assets are typically held over long durations to match life and health liabilities and are fully controlled by the company, offering a strong governance lever and risk profile for health and climate-aligned investment.

However, progress on shifting general account portfolios from the high risk fossil fuel side of the ledger towards the solution side has been limited.

According to BloombergNEF, investment managers aiming for net-zero alignment should target a low-carbon-to-fossil fuel energy investment ratio of 4.8:1 to 14.4:1 by 2030 to be on course for 1.5 degrees Celsius by 2050.[10] Setting targets to improve these ratios—and reporting transparently on progress—is important for a credible net-zero transition plan.

The real economy is already moving in this direction. According to the IEA, since 2016, global investments in clean energy (renewable power, grid and storage, energy efficiency, nuclear and low-emissions fuels) have been outpacing global investments in fossil fuels. Since 2023, renewables, grids, and storage alone have outpaced fossil fuels.[11] As of 2024, The world now invests almost twice as much in clean energy as it does in fossil fuels (see Figure 2).

By shifting capital toward solutions like renewable energy, lifecos can align their investment strategies with their core mission: safeguarding long-term health.

10 BloombergNEF refers to this as the BNEF Energy Supply Fund Enabled Capex Ratio, or 'ESFR') (see BloombergNEF, Energy Supply Fund-Enabled Capex Ratio: Summary Report (June 2025)).

11 IEA, World Energy Investment 2024, at 'Overview and key findings'.

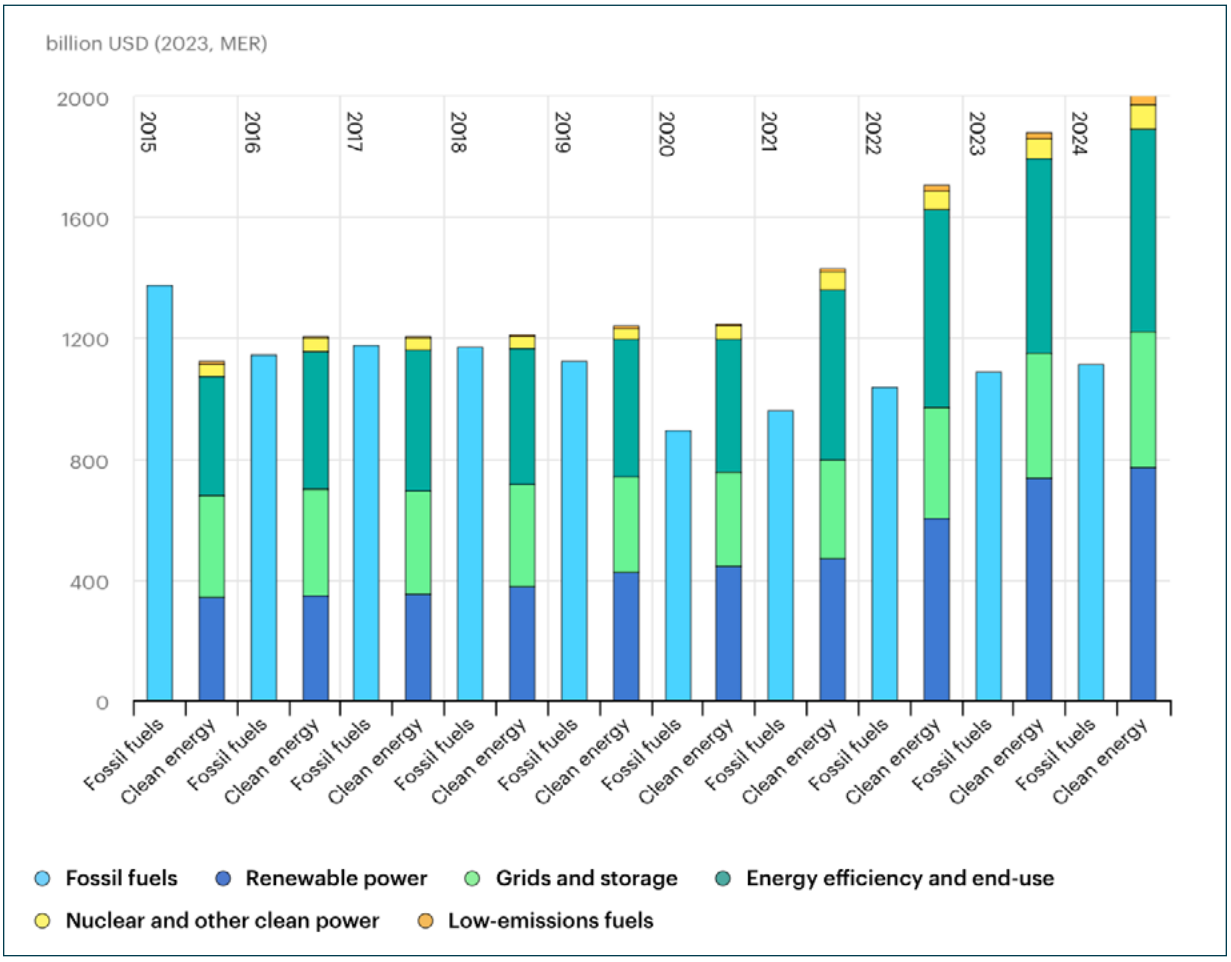

FIGURE 2. GLOBAL INVESTMENT IN CLEAN ENERGY AND FOSSIL FUELS, 2015-2024. (SOURCE: IEA 2025)

So far, the Canadian lifecos are falling short.

As of May 2024, all three firms remain among the top fossil fuel investors in Canada, according to Urgewald's Investing in Climate Chaos data—based on overall AUM data.[12] **Sun Life** ranked second at $34 billion (of which $12 billion is in coal[13]), **Great-West Lifeco**'s own General Account investment data puts it in third at $27 billion (of which $0.9 billion is in coal),[14] and **Manulife** ranked fifth at $19.5 billion (of which $5.6 billion is in coal).

12 Urgewald, Investing in Climate Chaos data (as of August 2024), at: investinginclimatechaos.org/data.

13 Coal investments are included if coal represents over 10% of the company's power production or revenue, full methodology here: www.coalexit.org/methodology.

14 Great-West Lifeco, 2025 CDP, at 292-293. It counts coal investments if coal production represents at least 20% of company revenue.

TRACKING FOSSIL FUEL INVESTMENTS WITH CREDIBLE TRANSITION PLANS

Urgewald data is a critical source of information in light of incomplete corporate disclosures; however, additional data would help differentiate between those fossil fuel companies that have credible transition plans and those that don't. For example a utility with a portfolio mix that has committed to phase-out its fleet of fossil fuel generation on a timeline aligned with a 1.5 degree future can represent an important investment opportunity. Sun Life notes that the majority of its general account coal-related investments are bonds in North American electric utilities that have committed to phase down unabated coal power, which may represent net zero alignment.

Greater disclosure from financial institutions regarding the credibility of utility transition plans is necessary for investors to assess this risk.

As of June 2024, BloombergNEF reports current overall AUM ratios for Sun Life of 0.5:1, for Manulife of 0.29:1, and 0.41:1 for Great-West Lifeco's parent company, Power Corporation.[15]

Although BloombergNEF does not provide general account-specific ratios, it is possible to derive a simple estimate of a narrower renewable energy-to-fossil fuel ratio for all three. All disclose the value of their general account renewable energy investments for 2024. However, because Great-West Lifeco is the only one of the three to disclose its fossil fuel general account investments for 2024,[16] for Sun Life and Manulife it is necessary to estimate their general account fossil fuel investments. We do so by assuming their general accounts are invested in fossil fuels at a similar rate as their overall investments, as per Urgewald data.

Based on the above, the renewable-to-fossil fuel investment ratios for the three lifecos are shown in **Table 1**.

- Manulife appears to have the best ratio of the three at 2:1, although the data is partially based on an estimate and the firm suggests it may be somewhat underreporting its actual exposure to renewables;
- Sun Life appears to be nearing a balance between its renewables and fossil fuel investments at 0.9:1, again, this ratio is partially based on an estimate due to lack of corporate disclosures; and
- Great-West Lifeco has the lowest ratio at 0.28:1, based on the company's own disclosures.

15 Data shared with us by BloombergNEF.
16 Great-West Lifeco, 2025 CDP (Sept. 2, 2025) at 292 .

TABLE 1. 2024 SUN LIFE, MANULIFE, & GREAT-WEST LIFECO GENERAL ACCOUNT FOSSIL FUEL & RENEWABLE ENERGY INVESTMENTS.

	General Account			Overall
	Renewables	Fossil fuels	Renewables: Fossil fuels	Low-carbon: Fossil fuels (BloombergNEF)
Sun Life	$4.2 B[17]	≈$4.8 B[18] *[estimate]*	0.9:1	0.5:1
Manulife	$11.2 B[19]	≈$5.5 B[20] *[estimate]*	2:1	0.29:1
GWL	$7.7 B[21]	$27 B[22]	0.28:1	0.41:1

Note: *Estimates are used where company data is unavailable.*

Despite slightly different methodologies, and the partial reliance on assumptions (due to lack of disclosure from Manulife and Sun Life), these ratios reveal that in the case of energy, none of the the three general accounts appears to be on track to meet the minimum 4.8:1 clean to fossil fuel investment ratios indicated by BloombergNEF. This suggests they are failing to adequately reduce portfolio exposure to high transition-risk investments and sufficiently increase allocations to health and climate solutions.

17 Remarks by Kevin D. Strain, President & CEO, Sun Life, 2025 Annual Meetings (May 8, 2025).

18 Sun Life reports a total AUM of $1.5 T AUM, of which about 14% is in its general account ($222 billion, Sun Life, 2024 Annual Report, at 2 and 23). 14% of Urgewald total AUM fossil fuel investment data ($34B) = $4.8 B.

19 This number includes private debt and equity financing of energy from renewable sources. Manulife informed us that this is likely an underestimate as it does not include general corporate bonds invested in utilities, which often have renewable portfolios, nor does it include the $2.5B Manulife has invested in "Green Bonds" aligned with ICMA's framework for utilities and energy. Due to variations in green bond quality, Manulife is not yet including these. (see: Manulife, 2024 Sustainability Report, at 22.)

20 Manulife reports its total AUMA as $1.6 T (as of March 2025) of which 28% represents its general account— it reports $442 B in invested assets vs. its third party assets (see 1 of its 2024 Annual Report). 28% of total fossil fuels ($19.5 B) = $5.5B.

21 Great-West Lifeco, 2025 CDP, at 61.

22 Ibid, at 292.

OTHER HELPFUL METRICS: MWS & CLIMATE SOLUTIONS

Beyond dollars invested in renewables versus fossil fuels, other additional metrics can help clearly communicate the positive climate impacts of investments, a non-exhaustive list includes:

- In the power sector: renewable vs. non-renewable MW financed.
  - For example, Manulife tracks this for their power sector project financing, and reports a ratio of 2:1 MW renewable vs. non-renewable power financed.
- Beyond renewables: amount invested in climate solutions.
  - To enable the transition of our economy away from fossil-fuelled energy, many investments beyond renewable energy production are necessary, in mitigation (i.e. energy efficiency technologies and service providers; battery plants; high voltage direct current transmission lines; etc) and in adaptation (i.e. building defenses to protect against sea-level rise or planting more heat-resistant crops).
  - 'Climate solutions' is a term that helps capture this broader scope of investments, a credible definition for this category is available from the IIGCC (for listed equity and corporate bonds).

RENEWABLES/CLIMATE SOLUTIONS INVESTING GOALS

Investing in the energy transition aligns with a lifeco's purpose and investment horizon. Sun Life made this explicit in their 2023 Annual Report:

> "We recognize that as a long-term investor, we have the opportunity to be part of the solution to this global challenge and invest proactively in assets and businesses that support the transition to a low-carbon economy." (at 80)

So far, of the three major Canadian lifecos, only Sun Life has articulated any quantitative ambition related to "sustainable investment" via a company-wide $20 billion goal (2021–2025) that includes both environmental and social projects across general account and third-party assets.[23] However, this broad framing makes it difficult to assess alignment with net-zero goals—or to track progress meaningfully. (See discussion below of RBC's recent revision of its sustainable finance target.) That being said, it is nonetheless positive that Sun Life is investing substantially in the categories contained within this broader umbrella, such as energy efficient buildings and enabling access to essential services.

23 Sun Life, 2024 Sustainability Report, at 31.
24 Manulife, Climate Action Implementation Plan, Summary Report (May 2025) at 4.
25 Ibid.

Manulife has not set any renewable energy investment target, but says it is focused on applying its general account assets to financing the development and scaling of real-world decarbonization solutions.[24] To this end it has "established an initial C$690 million commitment of funds dedicated to deploying capital to transition-related growth equity investments, with a focus on solutions for high-emitting sectors."[25] This appears to be a summary of investments to date rather than a future investment ambition.

Both Manulife and Great-West Lifeco have developed products for their asset management clients that appear to be designed to increase financing to climate solutions. For example, Manulife has a Climate Action Fund which enables its asset management clients to invest in "climate action" via its major holdings, which include Microsoft, Visa, and Lowes among others. But, it is unclear how these investments will mitigate climate change or enable the energy transition.

Great-West Lifeco subsidiary Irish Life Investment Managers launched a climate €500 transition equity fund for a major pension scheme, which covers climate action, resource efficiency, ecosystem health and addressing essential social needs. Great-West also announced a long-term strategic partnership with climate-focused investment manager Power Sustainable, which will expand its sustainable private equity and infrastructure investing. These are important initiatives that show ambition towards climate solution investing, but neither sets a target for the lifeco's general account.

Unsplash / Nuno Marques

OPPORTUNITY TO ALIGN MANDATES AND AVOID GREENWASHING

Canadian lifecos have an opportunity to reconcile their health and investment mandates in a credible, low-risk way: by setting clear ambition to increase investments in climate solutions—particularly renewable energy.

Lifecos have a particularly strong rationale to join this trend. In addition to long-duration liabilities and stable capital, they have a public health mandate—which directly aligns with the benefits of reducing air pollution and mitigating climate change through investments in renewables and other climate solutions.

There are also no legal or regulatory barriers to declaring forward-looking, positive ambitions—such as increasing exposure to renewable energy or climate solutions. And, as long as these targets (or "envelopes" or "sleeves") are clearly defined and progress is regularly disclosed, they pose little or no risk of violating greenwashing regulations—such as Canadian competition and securities laws.

THE RBC EXAMPLE: FROM VAGUE CLAIMS TO SPECIFIC TARGETS

RBC offers a recent precedent. In 2022, it faced criticism for its vague commitment to "$500 billion in sustainable finance by 2030"—a figure with no necessary connection to its net-zero objectives. In 2024, the bank revised this with a smaller but more credible target: $35 billion low-carbon energy lending by 2030, of which $15 billion is committed to renewable energy lending.[26] This shift from a broad claim with no impact measurement to a specific meaningful goal illustrates how institutions can enhance credibility.

26 While more specific, the level of ambition is insufficient as it does not achieve a lending ratio close to that recommended by BloombergNEF. RBC reports its 2024 lending to carbon-intensive energy assets companies as $39.4 billion (RBC, 2024 Sustainability Report, at 42, 48, and 70, table 20.)

27 AXA IM, AXA IM Net Zero Targets Methodologies (Jan 2025) at 9.

A GROWING TREND IN CLIMATE SOLUTION TARGETS

RBC's move reflects a broader trend among global and Canadian financial institutions toward explicit renewable energy or broader climate solution investment targets. Notable examples include:

- AXA IM: €50 billion (or 6% of AUM) committed to "climate solutions" by 2025,[27] which includes
  - Real assets (including green buildings and infrastructure):
    - i) Real estate and CRE debt with a high level of third party independent environmental certification (minimum level "Excellent" or "Gold") and, for real estate only, a minimum Energy Performance Certificate rating of "B" or equivalent for non-European assets,
    - ii) Sustainably managed forests as demonstrated by a FSC or PEFC certification, and
    - iii) Green infrastructure debt & equity as defined by the Climate Bonds Initiative taxonomy;
  - Green bonds;
  - Green thematic equities, including reporting on key impact KPI's, like GW of renewable energy generated.[28]
- Allianz: €57 billion in "low-carbon solutions" by 2030,[29] which includes:
  - Power and heat technologies (as well as transport-related low-carbon technologies) based on bioenergy, geothermal, green hydrogen (i.e. fully renewable-energy based), hydro, on/offshore wind, solar, tidal. Non-fossil energy storage technologies are included as well; blue hydrogen is also eligible for this allowance if lifecycle emissions of the specific project are verified to be similar to green hydrogen; this is technically possible but needs to be demonstrated in a case-by-case assessment.
- National Bank of Canada: $20 billion in "renewable energy" lending by 2030.[30]
- The Co-operators: US$3 billion in "climate solutions" by 2030, which it defines as:
  - Investments in economic activities considered to contribute to climate change mitigation (including transition enabling) and/or adaptation, in alignment with existing climate related-sustainability taxonomies and other generally acknowledged climate related frameworks, as defined by the Net Zero Asset Owner Alliance Target-Setting Protocol Fourth Edition.

The IIGCC provides extensive guidance on setting credible climate solutions targets and metrics, see for example: Investing in climate solutions: listed equity and corporate fixed income (Nov.2023); Investing in Climate solutions: Supplementary Guidance (June 2025).

28 Axa Investment Managers, People & Planet Equity Fund Impact Report 2023 (March 2025) at 10.
29 Allianz Group, Annual Report 2024, at 86.
30 National Bank, Report on the United Nations Principles for Responsible Banking 2024, at 4.

SUPPORTIVE LOBBYING PRACTICES

If Canadian lifecos are not currently investing at levels consistent with a healthy environment and net-zero transition, this suggests that existing market rules may not adequately incentivize such investment. In this case, lifecos have an opportunity to engage constructively with governments and regulators to advocate for reforms that would better align financial incentives with health and climate goals and encourage greater portfolio exposure to solution opportunities.

Given their financial expertise and experience in risk assessment, lifecos are well positioned to help regulators identify misalignments or distortions in current market frameworks and to share insights that could improve climate-related financial oversight.

NEXT STEPS FOR INVESTORS

While Canada's major lifecos have signaled long-term decarbonization intentions, they have yet to adopt clear, measurable investment goals for health and climate solutions, particularly renewable energy.

A growing number of financial institutions are adopting clear investment ambitions—whether framed as a "target," "envelope," or "sleeve." These tools help clarify intent, focus deployment, and support tracking over time.

Investors have an important role to play in reinforcing this emerging norm by engaging Canadian lifecos on four key priorities:

- **Enhance disclosure:** Publish comparable data on fossil fuel exposure and renewable energy investments, enabling transparent evaluation of progress.
- **Set specific investment ambitions:** Prioritize renewable energy and other climate solutions within the general account.
- **Advance integration of environmental factors into underwriting practices:** Air pollution and climate damages pose real risks to policy holders; lifecos must fully account for those risks to help manage them.
- **Advocate for enabling policy reforms:** Solutions investing practices would benefit from policy reforms that help embed health and climate risk into investment decisions, helping lifecos favor climate solutions over fossil fuels.

Setting renewable energy and/or climate solution investment targets is a growing practice in the financial sector, and life and health insurers have the most to gain by aligning their investment practice with their core purpose.