

TCFD Reporting

We believe that financial services companies have an important role to play in addressing climate change, which is why we support the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We recognize that full implementation of TCFD will be a multi-year journey for IGM and our operating companies, involving various business areas including enterprise risk management, corporate sustainability, investment management and financial reporting. Our support for TCFD is also aligned with our longstanding commitment to participate in the annual CDP survey, which promotes corporate disclosures on greenhouse gas (GHG) emissions and climate change management. For the past four years, we were recognized by CDP as a corporate leader in climate change disclosure.

Here is a summary of our approach in line with the TCFD recommendations, including the supplemental guidance for asset managers:

TCFD Topic	Our IGM Approach
GOVERNANCE: Disclose the organization's governance around climate-related risks and opportunities	
Describe the Board's oversight of climate-related risks and opportunities	<p>The Board of Directors of IGM Financial (IGM) is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters.</p> <p>Our Board has approved a Corporate Sustainability Statement, which formalizes our longstanding commitment to corporate sustainability. The Board monitors implementation of sustainability policies and strategy, and discusses plans and ESG issues at least annually.</p> <p>Through its Risk Committee, the Board is responsible for ensuring that material climate-related issues are appropriately identified, managed and monitored. Its responsibilities include ensuring that appropriate procedures are in place to identify and manage risks and establish risk tolerances; ensuring that appropriate policies, procedures and controls are implemented to manage risks; and reviewing the risk management process on a regular basis to confirm that it is functioning effectively.</p>
Describe management's role in assessing and managing climate-related risks and opportunities	<p>IGM's Sustainability Committee is composed of senior executives who are responsible for ensuring implementation of policy and strategy, establishing goals and initiatives, measuring progress, and approving annual reporting of environmental, social and governance (ESG) matters. Our executive Risk Management Committee is responsible for oversight of the risk management process, including environmental and social risks. Our Chief Financial Officer oversees implementation of the corporate sustainability and enterprise risk management programs.</p> <p>We have established an enterprise-wide TCFD Working Group of senior leaders to lead the planning and implementation of the TCFD recommendations. This working group is focused on enhancing our knowledge and tools to quantify climate risks in tandem with our industry, further integrating climate into our business strategy, operations and product offerings, evolving our engagement approach with investee companies, and addressing increased disclosure expectations.</p> <p>The senior-most leaders at each of our operating companies have primary ownership and accountability for the ongoing climate risk management associated with their respective activities.</p> <p>At Mackenzie Investments (Mackenzie), climate risks and opportunities related to its investment funds are overseen by the Sustainable Investing Committee, which is chaired by the Head of Sustainable Investing with executive membership from across IGM and Mackenzie, including the Mackenzie President and Chief Executive Officer, and Co-Chief Investment Officers.</p> <p>At IG Wealth Management (IG), the Sustainable Investing Committee is responsible for implementation, guidance and oversight of sustainable investing commitments, policies and strategies. The Committee is chaired by the Senior Vice-President, IG Investments and includes representation from the distribution, marketing, legal and IGM corporate sustainability teams. The Investment Committee is responsible for oversight and approval of IG's product actions.</p>

TCFD Topic

Our IGM Approach

STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material

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

As wealth and asset managers, our primary business is the provision of advice and investment services where we earn fees as a percentage of assets under advisement. Our climate-related risks and opportunities can be grouped into the physical impacts of climate change and the impacts related to the transition to a low-carbon economy.

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

Risks

Our climate risks relate primarily to the potential for physical or transition risks to: negatively affect the performance of our clients' investments, resulting in reduced fee revenue; harm our reputation and create market risks that weaken client demand and stakeholder trust; or lead to new regulatory or legal requirements that increase costs. We are also exposed to the impact of extreme weather events on our corporate and investment properties, and on the properties and valuations of client mortgages, which if not addressed proactively, could affect financial performance and the ability to use the assets long-term.

Our operating companies are committed to sustainable investing programs and policies that include a focus on climate risk. We provide data and tools for our investment teams to carry out climate analysis and we integrate material climate risks into our investment and oversight processes for investment management sub-advisors. As we work to implement the TCFD recommendations, we are devoting increased resources to areas such as training, analysis, metrics, target-setting, strategy planning and working with collaborative organizations.

Opportunities

Stakeholder expectations are increasing regarding our role in tackling climate change. To meet growing demand for sustainable investing, Mackenzie, IG and Investment Planning Counsel (IPC) all continue to enhance their sustainable investing practices. At Mackenzie, sustainable investing is an area of strategic emphasis, and we have established a dedicated function that reports to the CEO. We also have an investment boutique, Greenchip, which is exclusively focused on thematic investing to fight climate change. At IG, we have integrated environmental and climate considerations into our investment manager sub-advisory selection and oversight processes. We are also focused on educating and communicating with clients and advisors on sustainable investing and climate change.

We also recognize opportunities relating to energy efficiency in our operations that can reduce expenses and are increasingly of interest to our stakeholders, including current and prospective employees.

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

We are in the process of implementing a tool to enhance our quantitative assessment of climate risks by analyzing emissions and other climate-related information at the investee company and portfolio levels. This system enables us to model potential transition pathways and track our portfolios against the goal of limiting global warming to 2°C above pre-industrial levels and examine the adequacy of emissions reductions over time in meeting the goals of the Paris Agreement.

We are exploring scenario analysis tools to manage physical and transition risk across our investments. As we are invested across a wide range of asset classes and regions, data availability and accuracy is currently a challenge but we are closely following the new climate risk management tools as they become available. We are in discussion with several external data providers to support us in our efforts to run climate-related scenario analysis across our investments.

Describe how risks and opportunities are factored into relevant products or investment strategies and describe related transition impact

IG and Mackenzie are signatories to the Principles for Responsible Investment (PRI). We also require our investment manager sub-advisors at IG to be PRI signatories. Under the PRI, investors formally commit to incorporate ESG issues, including climate change, into their investment decision making and active ownership processes. In addition, IG, Mackenzie and IPC have implemented sustainable investment policies outlining the practices at their respective companies.

At Mackenzie, sustainable investing is an area of strategic emphasis, and the Sustainable Investing Centre of Excellence leads ESG integration and the creation of innovative investment solutions at the firm. The Greenchip investment boutique focuses exclusively on climate-related products such as the Mackenzie Global Environmental Equity Fund, which was Mackenzie's fastest-growing fund in 2020. The Fund invests in opportunities in environmental sectors, notably in the energy transition from fossil fuels to renewable power.

TCFD Topic

Our IGM Approach

RISK MANAGEMENT: Disclose how the organization identifies, assesses and manages climate-related risks**Describe the organization's processes for identifying and assessing climate-related risk**

Assessment and management of climate-related risks is integrated into our Enterprise Risk Management (ERM) Framework.

Describe the organization's processes for managing climate-related risks

Significant risks that may adversely affect the ability to achieve our strategic and business objectives are identified through the ongoing ERM process. We use a consistent methodology across our organizations and business units for identification and assessment of risks, considering factors both internal and external to the organization. These risks are broadly grouped into five categories: financial, operational, strategic, business, and environmental and social (including climate change risks).

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

Risks are assessed by evaluating the impact and likelihood of the potential risk event after consideration of controls and any risk transfer activities. The results of these assessments are considered relative to risk appetite and tolerances and may result in action plans to adjust the risk profile. Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the ERM department. The ERM department promotes and coordinates communication and consultation to support effective risk management and escalation. It regularly reports on the results of risk assessments and on the assessment process to the Risk Management Committee and to the Board of Directors.

Describe how material climate-related risks are identified and assessed for each product or investment strategy

At Mackenzie, boutique investment teams are each responsible for determining when and how climate change is material and for incorporating transition and physical risks into their investment process. The teams have access to ESG data tools and a service provider for comprehensive global investor engagement who prioritizes climate change engagement. To aid in the assessment of material climate risks and opportunities, Mackenzie is in the process of implementing the Sustainability Accounting Standards Board (SASB) Framework and a tool to enhance climate data and analytics.

Describe how material climate-related risks are managed for each product or investment strategy

At IG and IPC, our primary role is to monitor and evaluate the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks

To maximize stewardship efforts, engagement at Mackenzie is undertaken by both internal investment teams and by EOS at Federated Hermes (EOS), a third-party engagement specialist. Climate change is a priority engagement topic for EOS. At IPC, a pooled engagement service provider is used to work with companies to enhance corporate behaviour and strategy related to topics including climate change. Through these service providers, our voice is combined with those of like-minded shareholders to exert greater influence over ESG issues, including climate change. At IG, investment management sub-advisors are responsible for engagement activities.

In 2020, Mackenzie signed on to Climate Action 100+, an investor-led initiative engaging companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures. IG will be joining in 2021.

TCFD Topic

Our IGM Approach

METRICS AND TARGETS: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

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

We set, monitor and report on climate change-related metrics and targets annually in our detailed CDP response and in this report.

At Mackenzie, our boutique investment teams are each responsible for integrating ESG into the investment process, including determining appropriate metrics to assess climate-related risks and opportunities in our investment strategies. The teams have access to ESG data tools and metrics to assist in their assessment.

Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy

We report Scope 1, 2 and 3 GHG emissions, where possible, including Scope 3 investment emissions related to our real assets in the IG Real Property Fund. We are currently implementing a tool to measure the carbon footprint of our investment portfolios.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Our Greenhouse Gas (GHG) Statement for the year ended December 31, 2020 was independently assured by PricewaterhouseCoopers LLP (PwC). PwC performed a limited assurance engagement over the following: total Scope 1 emissions, total Scope 2 emissions and business travel (air and ground) Scope 3 emissions.

Asset managers should provide the weighted average carbon intensity, where data are available or can be reasonably estimated, for each product or investment strategy

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

We have set initial emissions reduction and renewable energy targets in our operations and have met, or are on track to meet, these goals: 40% reduction in absolute Scope 1 and 2 GHG emissions by 2020; 50% reduction in absolute Scope 1 and 2 GHG emissions by 2036; and 80% of Scope 1 natural gas to be renewable by 2020. As we continue to develop our climate strategy, we will revise our targets to continue our progress.