March 2020

Taskforce for Climate-Related Financial Disclouses (TCFD)

Genus Capital Management Inc., Canada's pioneer in sustainable, fossil free, and impact investing, was founded in 1989 and has been empowering clients through sustainable investing for over 25 years. With more than $1.6 billion in assets under management (as of 31 Dec 2019), our clients include leading foundations, institutions and individuals across Canada. Our Fossil Free/sustainable suite of funds has an almost 7 year track record and our High Impact equity fund has an almost 6 year track record. Genus Capital tailors portfolios which strive to meet financial goals for clients and also make a positive social or environmental impact.

As a firm, we are committed to making an impact. Genus is proud to be a proud Certified BCorp, which is rare for asset managers, and we strive to be a force for good in society and for the environment. We are signatories to the UNPRI, Montreal Pledge, and CDP. Our CEO was a Clean 16 winner in Canada for 2018 because of the firm's innovation and commitment to sustainable investing.

March 2020

TCFD

Governance

Board Oversight

Impact, both social and environmental, is a core value at Genus. The company and the board strive to create a better future for our clients and the planet. At Genus Capital, the board not only oversees the company and works on major decisions; they have in-depth knowledge of the investment strategies and operations. Since sustainable investing is a large segment of the company's AUM, this type of environmentally friendly investing, and its risks and opportunities, is an area that the board is informed on. Most decisions are made with a consideration around the climate since this affects the company, our investment strategies, and our clients.

The board sees sustainable investing as a source of future growth for the company and they dedicate resources to growing that part of the business.

In 2020, the board has committed to review the company's carbon footprint on a regular basis and make company-wide decisions to lower it. Genus currently takes actions to be more sustainable but the board recognizes a need to measure it and continually improve.

Highlights

- Genus has a suite of Fossil Free funds that are built to be aligned with client's values but also lower many of the climate related risks
- Our Fossil Free High Impact Equity fund invests in companies making a positive environmental impact and is built to be a hedge on climate related risks
- Physical and transition risks related to climate change are taken into consideration within the business and within our investment strategies
- As a firm we are continually working to lower our carbon footprint through initiatives
- As demand for sustainable products increases, we plan to have the products available

Management Role

The management team at Genus directly works on climate-related issues since sustainable and Fossil Free investing is a focus at Genus. On the Genus executive team, our CEO/CIO/co-founder leads the overall investment strategy and oversees the design of the sustainable methodology, ESG integration, and portfolio building. The COO/CFO makes company decisions with a sustainable lens. When it comes to finding new suppliers this person strives to find B-Corps or sustainable companies. As part of operations we have a strong sustainability policy which encourages employees to work and live with more of a climate action focus. This policy makes us more resilient around climate-related issues.

Genus' Director of Sustainable Investments leads the sustainable investing strategies and initiatives. This Director seeks new ways for Genus and clients to benefit from climate-related opportunities, such as finding new environmentally impactful investments, while also striving to reduce risks. ESG and impact research is led by this position. If changes are needed due to the new findings, the CEO/CIO will be informed along with some members of the management team. The Director reviews the sustainable investment strategies with all employees at Genus on an annual basis.

Client facing members of the management team, including the Director of Wealth Management, stay informed on climate issues and our sustainable investing strategies in order to best serve clients.

Team members are continually monitoring the sustainable investing landscape and reviewing our processes to find opportunities and risks.

Strategy

Climate Related Risks and Opportunities

Due to our focus on sustainable investing and the fact that we operate in an industry that has relatively low carbon intensity, Genus sees many opportunities in the low carbon transition and strives to be one step ahead of the asset management industry on these issues. We strive to be forward-thinking and adapt to new situations.

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Risks and opportunities are identified and analyzed on a continual basis for the business strategies and for the investment strategies. Members of the company find possible risks and opportunities through talking with experts and doing regular research.

At Genus, we offer Fossil Free and sustainable investment strategies, conventional investment strategies, and impact investing focusing on alternatives. Risks and opportunities for each investment style and our business strategy are specified in the table below.

Time Horizon	Climate-related Risks and Opportunities
Short term (0-2 years)	**Business, Strategy, and Planning** • Acute physical risks • Demand for impactful and sustainable products will likely benefit Genus in the short term since we currently have products available
	Investment Strategy • Acute physical risks • Regulatory changes could be an opportunity for our Fossil Free and impact investing strategies. However, for our conventional strategies this is a risk.
Medium term (2-6 years)	**Business, Strategy, and Planning** • Acute physical risks • Resource efficiency demands in society will likely be an opportunity since we already strive to be very efficient. Investors and future employers may be more attracted to Genus since we are ahead of others in the industry. • As demand for impactful and sustainable products increases this will likely benefit Genus as we continually expand our sustainable product line • New markets in sustainable investing will likely benefit Genus as we strive to be early adopters and have clients passionate about climate action
	Investment Strategy • Acute physical risks • Medium term regulatory changes could be an opportunity for our Fossil Free and impact investing strategies but a risk for conventional strategies.

Time Horizon	Climate-related Risks and Opportunities
Medium term (2-6 years)	**Investment Strategy - Continued** • Technological changes could negatively affect our conventional investment strategies as well. Our Fossil Free funds, and especially our impact investing portfolios, are built to benefit from these changes. • New markets and higher demand for sustainable products would likely benefit the holding s in our Fossil Free, sustainable, and impact strategies at Genus. Our holdings in conventional strategies could face risks and we will need to carefully monitor shifts in demand.
Long term (6 years or longer)	**Business, Strategy, and Planning** • Chronic physical risks • Long term demand for impactful and sustainable products will likely benefit Genus • New markets in sustainable investing will likely benefit Genus over the long term since we strive to be early adopters in this area which means we could build a longer track record and more experience than others • Genus may need to plan a shift of AUM from conventional strategies to sustainable, Fossil Free, or impact strategies over time
	Investment Strategy • Chronic physical risks • Longer term regulatory changes could be an opportunity for holdings in our Fossil Free and impact investing strategies but a risk for conventional strategies. • Technological changes could negatively affect holdings in our conventional investment strategies. Our Fossil Free funds, and especially our impact investing portfolios, are built to most likely benefit from these changes. • New markets and higher demand for sustainable products would likely benefit the investments within our Fossil Free, sustainable, and impact strategies at Genus. Our conventional strategies could face risks and we will need to carefully monitor shifts in demand.

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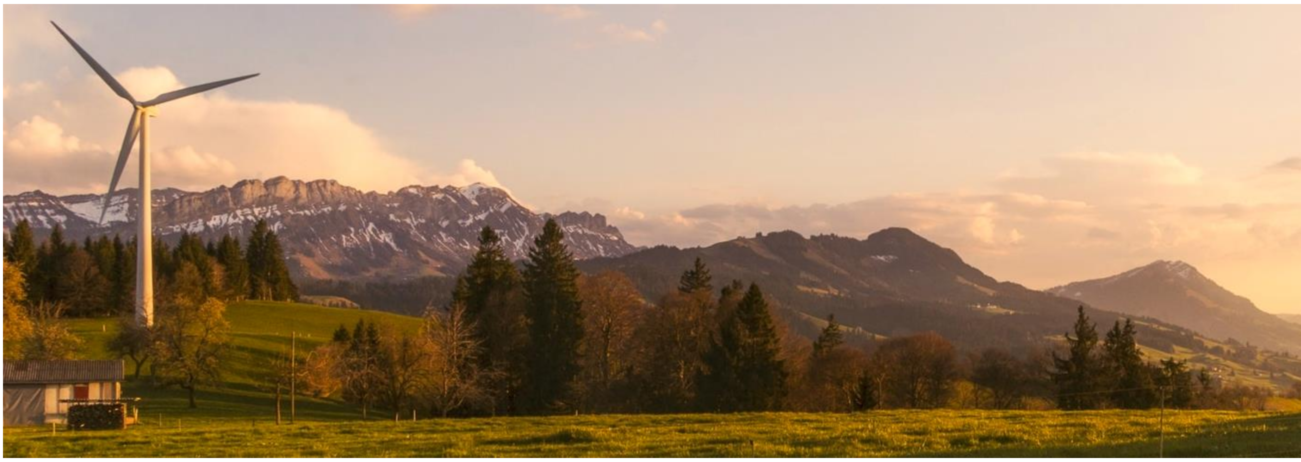
Scenario Analysis

Genus reviewed and discussed the impact that various scenarios would have on the business and strategy with senior management.

Scenarios considered:
IEA WEO New Policies Scenario (projected to generate warming of 4°C)
International Renewable Energy Agency (IRENA) REmap (2016) (projected to generate warming of 2°C)
IEA WEO Sustainable Development Scenario (50% chance of temperatures limited to 1.5°C)

Impact of Risks and Opportunities on Genus Strategy

- Due to our focus on sustainable investing, a 2°C scenario or any transition to a lower carbon economy would likely be a strong opportunity for Genus. Clients currently come to Genus for our Fossil Free portfolios and a transition would likely strengthen this demand.
- In order to maintain resiliency, Genus will need to continue staying on top of the latest climate related issues and trends so we know how to adapt. The innovative, pioneer-like nature of the firm will allow us to make changes and lead in these areas.
- Out of the scenarios that were analyzed, the IEA WEO Sustainable Development Scenario will require quick changes in government policies, energy capacity, and technology. All time horizons would move forward. Our impact investing strategies would likely see large benefits from this scenario as it invests in companies on the forefront of solving issues around the Sustainable Development Goals (SDGs). Our Fossil Free portfolios don't hold extractors, processors, or transporters of oil and gas so they would likely perform well relative to the market in this case. However, our conventional strategies would be at risk even though sustainability is a factor in investment models for these portfolios as well. We would need to implement more climate related factors into its models over time and possibly shift clients to our more sustainable portfolios.
- In the scenarios leading to more physical risk, such as the IEA WEO New Polices Scenario, our investment process for conventional mandates will need to integrate more environmental risk data, similar to our sustainable portfolios. We may need to phase out of certain industries in the conventional accounts.
- In terms of business operations, Genus is energy efficient, pays for renewable energy, subsidizes EVs for employees, and strives to have sustainable business practices. The company doesn't suspect that a transition to a low carbon or carbon neutral economy will have a large negative impact and would likely be an opportunity for the business operations.



<u>Risk Management</u>

Climate Risk Management in Portfolios
As a financial firm specializing in sustainable investing that, the climate risk levels are likely lower than most companies. We are located in Vancouver, a coastal community, so there are some physical risks but they are not high relative to many other coastal communities. Management and the board review risks and opportunities to the business, including climate risks.

For transition risks, we continually strive to lower risks by having initiatives to lower our carbon footprint and waste. Changes in investor appetite to more climate-friendly investment products are an opportunity for us.

We are located in a coastal community so we need to be aware of risks and work to lower them. The Genus office is in a new Leed certified building with the latest building standards so certain risks are reduced. To prepare for risks, including extreme weather as a result of climate change, Genus has a business continuity plan and uses cloud services to back up our data and client information in the case of a disruption. The business continuity plan is reviewed with all staff annually. Our risk committee discusses ways to mitigate these risks.

Climate Risk Management in Portfolios
Within our portfolios, climate risks are identified and assessed using various methods. On a macro perspective, we have analyzed and determined industries that are most destructive to the environment and will also be the most at risk from a transition to a low carbon economy. These industries, such as oil and gas extractors, are excluded from our sustainable portfolios to reduce negative impact and risk. We also use carbon emissions data to determine additional companies that are at risk and exclude companies with high carbon intensity within the sustainable funds. In addition, Genus uses data providers to assess individual company climate risk. We screen out the most at risk companies.

For our more conventional mandates, we integrate ESG data into the investment models and we are aware of the climate-risks due to the research done for the sustainable portfolios. If climate related risks are too high, as determined by the investment team, we can reduce the risks.

Corporate Engagement
Engagement is crucial for sustainable investors. At Genus we work with SHARE to engage companies on four main themes: Water and plastics, reconciliation, decent work and human rights, and climate transition. Each of these themes includes corporate governance issues.

For climate transition engagement, we focus on prevention and transformation through SHARE. Prevention includes reducing GHG emissions. In 2020, this will include engagements on methane emission reduction and group collaborations. For transformation, the engagement focus is on encouraging selected corporations, mostly financial institutions, to disclose more climate related data in line with the TCFDs. In addition, we want to encourage financial institutions to lend more to low or zero carbon companies and projects. We often join with other groups to leverage our engagement influence.

Each quarter we review the engagements, the results, and the progress for each company.

Metrics and Targets

By 2025, Genus plan to be carbon negative. We currently buy renewable energy, work in a Leed certified building, buy carbon offsets for flights, and give transit and EV credits for employees. In 2020, we want to start quantifying our progress so we plan to measure our carbon footprint and target annual reductions. We will do this by partnering with a firm that specializes in emissions measurement. Our footprint is small but we will continue lowering it through greater efficiency and offsets.

Another important climate measurement for us is the portion of AUM in sustainable mandates. As discussed above, these mandates are likely to be more resilient as physical or transition risks increase.

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Metrics and Targets for Portfolios

Within the sustainable portfolios, our key climate related metrics are carbon intensity, fossil fuel reserves, and portion of revenue from impactful (environmental or social) products or services. We gather this data from multiple sources.

Within these sustainable portfolios we target 0 fossil fuel reserves, carbon intensity significantly lower than the benchmark, and positive impact at 50% or higher for our Genus Fossil Free High Impact Equity Fund.

Carbon Metrics - Sustainable Funds (as of Dec 31, 2019)

Fund	FF Reserves (M barrels of Oil equivalent)	Carbon Intensity (Tons of Scope 1&2 Carbon Emissions/$M USD in sales)	Impact Revenue
Genus Fossil Free Canglobe Equity Fund	0	37	
Genus Fossil Free Dividend Equity Fund	0	30	
Benchmark: 35% S&P TSX Composite/ 65% MSCI World	396	241	
Genus Fossil Free High Impact Equity Fund	0	55	57%
Benchmark: MSCI World	430	168	11%

Source: MSCI

Positive impact is measured by the weighted average portion each stock's revenue that comes from impactful products or services that are contributing to a Sustainable Development Goal (SDG). For example, if a company makes 40% of its revenue from an energy efficiency project, it would have 40% impact revenue.

For our more conventional core mandates we measure carbon intensity but we do not have targets.

Other Funds (as of Dec 31, 2019)	Carbon Intensity (Tons of Scope 1&2 Carbon Emissions/$M USD in sales)
Genus Canglobe Equity Fund	254
Genus Dividend Equity Fund	355
Benchmark: 35% S&P TSX Composite/ 65% MSCI World	241

Source: MSCI

Carbon intensities for our sustainable and conventional fixed income mandates, which have a primary focus on corporates, are below.

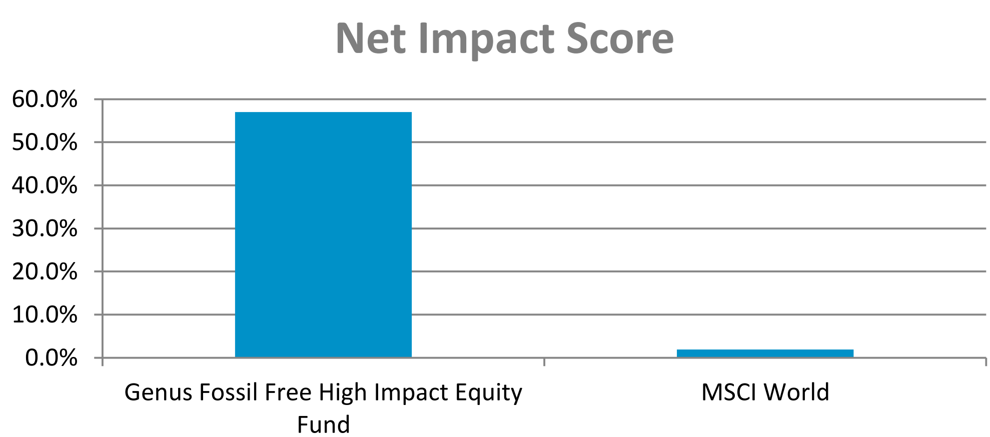
Other Funds (as of Dec 31, 2019)	Carbon Intensity (Tons of Scope 1&2 Carbon Emissions/$M USD in sales)
Genus Fossil Free Corporate Bond Fund	63
Genus Strategic Bond Fund	430
Benchmark: FTSE Canada Mid Term Corporate Bond Index	332

Source: MSCI

In addition to these metrics, we are starting to measure the net impact score for our sustainable funds. Net impact is the impact th the portfolio has on the environmental and society minus the harm. We calculate the net impact the same way as we calculate positive impact explained earlier. However, for net impact we calculate the positive and the negative impact. A company could have only positive impact, only negative impact, or a mixture. We calculate the net percentage.

We strive to have the net impact score of our sustainable funds significantly higher than their benchmarks.

Net Impact Metrics (as of Dec 31, 2019)



Fund (as of Dec 31, 2019)	Positive Impact	Negative Impact	Net Impact Score
Genus Fossil Free High Impact Equity Fund	57.0%	0.0%	57.0%
Benchmark: MSCI World	11.0%	-11.5%	-0.5%

Source: MSCI and Impact Cubed

Summary

Impact and being a force for environmental good is a core value for Genus and for many of our clients. As a firm, we plan to become carbon negative by 2025 and strive to increase our sustainable and fossil free assets under management.

Climate-risk management is an important part of our investment process and some of our funds are situated to benefit from many of the climate-related opportunities. At Genus we will continue to work hard in order to identify and analyze future climate-related changes that may affect our business and portfolios. Beyond mitigation, we hope to innovate and be a leader on these issues in the sustainable asset management industry.

Genus Capital Management Inc.,
860 – 980 Howe Street,
Vancouver, BC, Canada,
V6Z 0C8

T 604 683 4554
F 604 683 7294
E info@genuscap.com
genuscap.com