

## **Taskforce for Climate-Related Financial Disclosures (TCFD)**

Genus Capital Management Inc., was founded in 1989 and has been empowering clients through sustainable investing for over 30 years. In 2013, the firm offered investing solutions in a suite of Fossil Fuel Free Funds. With more than \$2.28 billion in assets under management (as of Dec 31, 2024), our clients include leading foundations, institutions and individuals across Canada. Our Fossil Free/sustainable suite of funds have more than a 12-year track record and our High Impact equity fund has more than a 11-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 a positive impact. Genus is proud to be a Certified B Corp, 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, Climate Action 100+, and CDP. Our Executive Chair Person and Chief Investment Officer was named on the BIV BC500 list for 2025 because of the firm's innovation and commitment to sustainable investing.



## 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 committed to review the company's carbon footprint on an annual basis and make company-wide decisions to lower it. Since then Genus has completed several firm-wide carbon footprint calculations. Genus currently takes actions to be more sustainable but the board recognizes a need to measure it and continually improve.

#### **Management Role**

The management team at Genus works directly on climate-related issues since sustainable and Fossil Free investing is a focus at Genus. On the Genus executive team, our CIO leads the overall investment strategy and oversees the design of the sustainable methodology, ESG integration, and portfolio building. The leadership team makes company decisions with a sustainable lens. When it comes to finding new suppliers the team 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.

#### **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

Genus' Chief Sustainability Officer leads the sustainable investing strategies and initiatives. The CSO 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 Executive Chair Person will be informed along with members of the management team. The CSO reviews the sustainable investment strategies with investment and sales staff at Genus on quarterly basis.

Client facing members of the management team, including the Portfolio Managers, 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.





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
<b>Short term</b> <b>(0-2 years)</b>	<b>Business, Strategy, and Planning</b> <ul style="list-style-type: none"> <li>Acute physical risks (i.e. wildfires or floods)</li> <li>Demand for impactful and sustainable products will likely benefit Genus in the short term since we currently have products available</li> </ul>
	<b>Investment Strategy</b> <ul style="list-style-type: none"> <li>Acute physical risks</li> <li>Regulatory changes could be an opportunity for our Fossil Free and impact investing strategies. However, for our conventional strategies this is a risk.</li> </ul>
<b>Medium term</b> <b>(2-6 years)</b>	<b>Business, Strategy, and Planning</b> <ul style="list-style-type: none"> <li>Acute physical risks</li> <li>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 constantly innovating on screens and new factor integration into our models.</li> <li>As demand for impactful and sustainable products increases this will likely benefit Genus as we continually expand our sustainable product line</li> <li>New markets in sustainable investing will likely benefit Genus as we strive to be early adopters and have clients passionate about climate action</li> </ul>
	<b>Investment Strategy</b> <ul style="list-style-type: none"> <li>Acute physical risks</li> <li>Medium term regulatory changes could be an opportunity for our Fossil Free and impact investing strategies but a risk for conventional strategies.</li> </ul>

Time Horizon	Climate-related Risks and Opportunities
<b>Medium term (2-6 years)</b>	<p><b>Investment Strategy - Continued</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• New markets and higher demand for sustainable products would likely benefit the holdings 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.</li> </ul>
<b>Long term (6 years or longer)</b>	<p><b>Business, Strategy, and Planning</b></p> <ul style="list-style-type: none"> <li>• Chronic physical risks (i.e. sea level or weather pattern changes)</li> <li>• Long term demand for impactful and sustainable products will likely benefit Genus</li> <li>• 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</li> <li>• Genus may need to plan a shift of AUM from conventional strategies to sustainable, Fossil Free, or impact strategies over time</li> </ul> <hr/> <p><b>Investment Strategy</b></p> <ul style="list-style-type: none"> <li>• Chronic physical risks</li> <li>• Longer term regulatory changes could be an opportunity for holdings in our Fossil Free and impact investing strategies but a risk for conventional strategies.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## **Scenario Analysis**

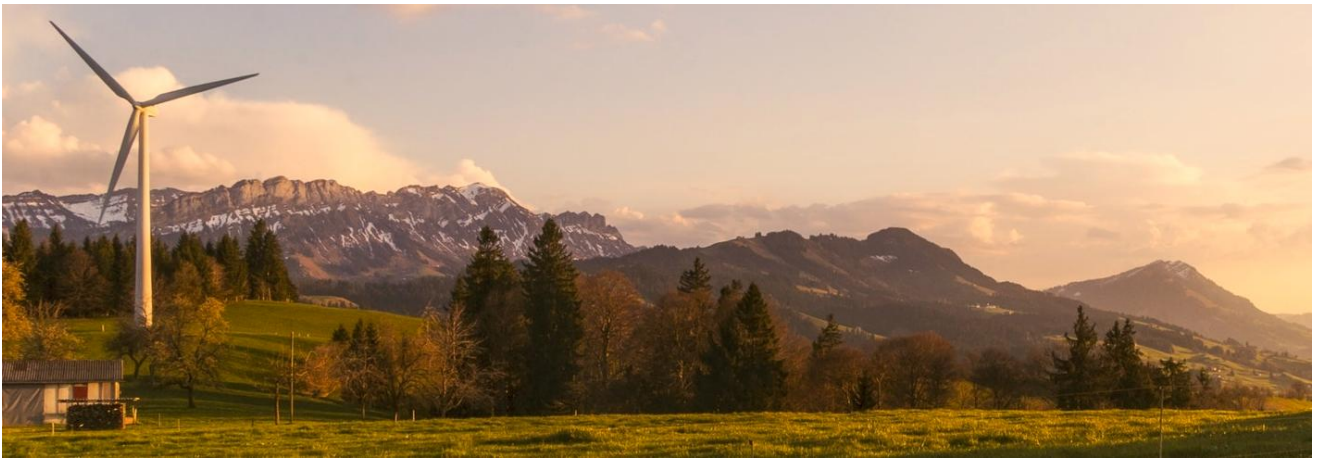
Genus reviewed and discussed the impact that various scenarios would have on the business and strategy with senior management.

Scenarios considered:

- ▷ IEA WEO Stated Policies Scenario (STEPS) (projected to generate warming of 2.4°C)
- ▷ International Renewable Energy Agency (IRENA) REmap (2019) (projected to generate warming of 2°C)
- ▷ IEA WEO Net Zero Emissions by 2050 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 development of best-in-class climate related investment strategies. The innovative, pioneer-like nature of the firm allows us to make changes and lead in these areas.
  - Out of the scenarios that were analyzed, the IEA WEO Net Zero Emissions by 2050 Scenario will require quick changes in government policies, global cooperation, energy capacity, and technology. All time horizons would move forward. It describes a pathway for the global energy sector to reach net zero emissions of CO<sub>2</sub> by 2050 by adopting a wide portfolio of reliable, cost-effective clean energy technologies, without offsets from land-use measures. 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). In this Scenario, traditional energy companies who do not innovate, transform, and adopt technologies to decarbonize cost effectively quick enough will face significant risks. Our Fossil Free portfolios don't hold extractors, processors, transporters, or major financiers of oil and gas so they would likely perform well relative to the market in this case. On the flip side, we would need to consider more climate transition related factors in our models to identify evolving opportunities. However, our conventional strategies would be at risk even though sustainability is a factor in investment models for these portfolios. We would need to implement more climate transition related risk 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 Stated Policies 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, 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.
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## **Risk Management**

### **Climate Risk Management in the Firm**

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. 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 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.

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## **Corporate Engagement**

Engagement is crucial for sustainable investors. At Genus we work with SHARE to engage companies on four main themes: climate transition for a sustainable economy, decent work and human rights, investing in reconciliation, and addressing broader societal impacts for a resilient future. Each of these themes includes corporate governance issues.

For climate transition engagement, we focus on prevention and transformation through comprehensive climate action plans that include reducing GHG emissions. In 2024, this included engagement on promoting climate action plans with science-based targets, advancing sustainable finance through energy supply ratios, and ensuring accountability through governance structures. We collaborate with SHARE through climate investor coalitions to leverage our engagement influence across significant assets under management.

Our approach to decent work and human rights engagement emphasizes workforce accountability and supply chain due diligence across portfolio companies. This includes working with companies to strengthen freedom of association and collective bargaining rights, with meaningful shareholder support achieved at major corporations. We particularly target sectors with higher risk profiles, such as food distribution and apparel manufacturing, where we've advanced worker-driven social responsibility initiatives and binding safety agreements.

The investing in reconciliation theme reflects our commitment to supporting Indigenous economic participation and rights recognition through measurable adoption targets. We encourage companies to develop meaningful partnerships through formal certification processes, with several major corporations committing to certification programs. This work is particularly relevant for companies operating on traditional territories and represents concrete progress toward our broader ESG objectives of economic inclusion and rights recognition.

## **Metrics and Targets**

Genus achieved carbon net negative status in 2023, two years ahead of our 2025 target. We buy renewable energy, work in a LEED certified building, buy carbon offsets for flights, and give transit credits for employees. Since 2020, we have been measuring our carbon footprint and targeting annual reductions. Our footprint is small but we 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.

We also track engagement outcomes through specific key performance indicators, including the percentage of companies that adopt recommended policies following our engagement efforts and the number of collaborative initiatives we participate in annually. These metrics help us assess the effectiveness of our engagement strategy and identify areas for improvement in our approach to corporate dialogue.

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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, 2024)

Fund	FF Reserves (M barrels of Oil equivalent)	Carbon Intensity (Tons of Scope 1&2 Carbon Emissions/\$M USD in sales)	Scope 3 - Total Sales Intensity
Genus Fossil Free Plus Canglobe	0	25.5	404.7
Benchmark: 25% S&P TSX Composite/ 75% MSCI World	0	132.9	783.5
Genus High Impact Equity Fund	0	48.2	589.0
Benchmark: MSCI World	0	91.7	662.2

Source: MSCI ESG Research

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.

### Carbon Metrics – Conventional Funds (as of Dec 31, 2024)

Other Funds	Carbon Intensity (Tons of Scope 1&2 Carbon Emissions/\$M USD in sales)	Scope 3 - Total Sales Intensity
Genus Canglobe Equity Fund	41.7	575.5
Genus Dividend Equity Fund	77.7	622.5
Benchmark: 25% S&P TSX Composite/ 75% MSCI World	132.9	783.5

Source: MSCI ESG Research

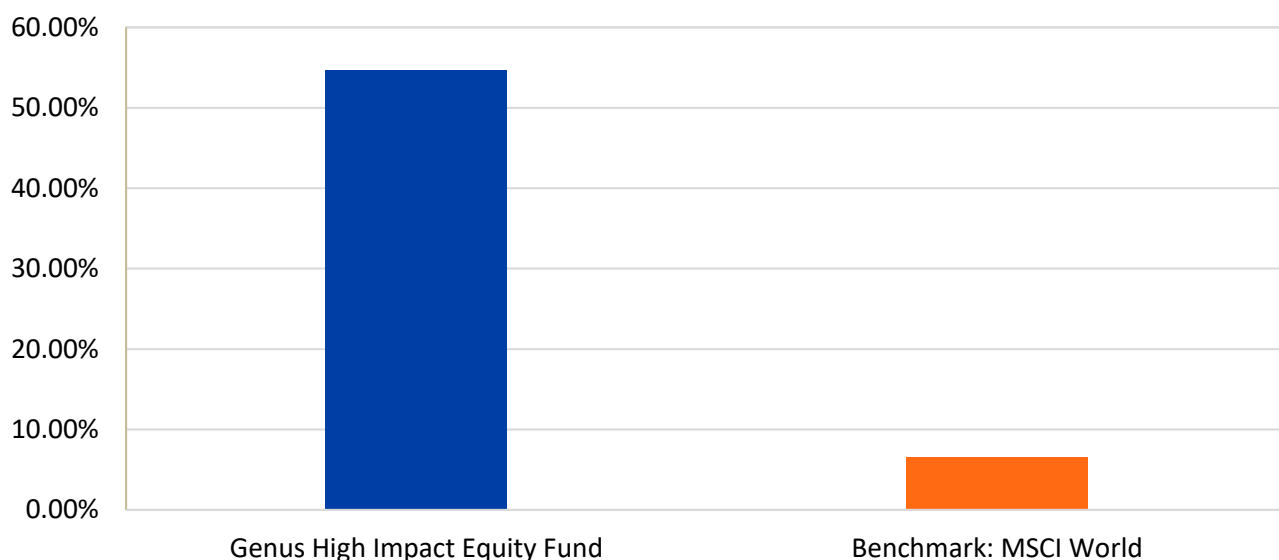
Scope 3 Emissions are based on estimated emissions provided by MSCI ESG Research.

In addition to these metrics, we measure the net impact score for our sustainable funds. Net impact is the impact 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, 2024)

**Net Impact Score**



Source: MSCI ESG Research and Impact Cubed

Fund	Positive Impact	Negative Impact	Net Impact Score
Genus High Impact Equity Fund	54.66%	0.00%	54.66%
Benchmark: MSCI World	15.15%	8.60%	6.55%

Source: MSCI ESG Research 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 achieved carbon net negative status in 2023, two years ahead of our 2025 target, 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.

Our comprehensive approach demonstrates strong governance oversight with board-level commitment and dedicated management roles including our Chief Sustainability Officer. Through scenario analysis, we have identified significant opportunities in the transition to a lower carbon economy, particularly for our Fossil Free and High Impact strategies. Our risk management framework systematically addresses both physical and transition risks through exclusions of high-risk industries and integration of climate data across all investment strategies.

The measurable progress in our climate commitments is evident through our achievement of net negative carbon emissions status in 2023, two years ahead of schedule, and our strong performance metrics across sustainable funds. Our High Impact Equity Fund demonstrates a 54.66% net positive impact score compared to 6.55% for the benchmark, as of December 31, 2024, while maintaining zero fossil fuel reserves and significantly lower carbon intensity. Through active engagement with portfolio companies on climate transition, human rights, and reconciliation themes, we strive to drive positive change while aiming to provide resilient investment returns for our clients.

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## Disclaimer

This TCFD report is provided for informational purposes and reflects Genus Capital Management Inc.'s current climate-related practices. This document does not constitute investment advice.

Portfolio holdings and carbon metrics are subject to change and are based on third-party data providers that may contain estimates or data limitations. Investment in sustainable and fossil fuel free funds involves risks, including that ESG criteria may limit opportunities and affect performance relative to conventional funds. For more information, please contact portfolio managers before investing.

Genus Capital Management Inc. is registered as a Portfolio Manager and Investment Fund Manager in Canada. Questions may be directed to 604-683-4554 or [info@genuscap.com](mailto:info@genuscap.com).



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