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Financial and Consumer Services Commission, New Brunswick
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Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
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Re: CSA Notice and Request for Comment Proposed National Instrument 51-107 ("Proposed NI 51-107") ***Disclosure of Climate-related Matters***

On behalf of IGM Financial Inc. ("IGM" or "IGM Financial"), we are pleased to provide comments on Proposed NI 51-107.

Our Company

IGM Financial, a member of the Power Financial group of companies, is a leading wealth and asset management company supporting financial advisors and the clients they serve in Canada, and institutional investors throughout North American, Europe and Asia. Through its operating companies, IGM provides a broad range of financial planning and investment management services to help Canadians meet their financial goals. Our services are carried out principally through our subsidiaries; namely, IG Wealth

Management, Mackenzie Financial Corporation ("Mackenzie Investments"), and Investment Planning Counsel Inc. Each company operates distinctly within the wealth and asset management segments of the financial services industry.

IGM Financial has a long-standing commitment to responsible management, which we believe is fundamental to long-term profitability and value creation. We conduct our businesses in a way that emphasizes good governance, operational integrity, ethical practices and respect for our people, our community and the environment. Our aim is to act responsibly in everything that we do, and we believe that long-term shareholder value creation results from an emphasis on client satisfaction, the development and support of our people and constructive involvement in the communities in which we operate. Our support for enhanced disclosures is two-fold: (i) as a user of these disclosures at Mackenzie Investments who is one of Canada's largest asset management companies, and (ii) as a publicly traded company who strives to lead by example and provide quality information to shareholders and lenders of IGM.

General Comments

We strongly support the Canadian Securities Administrators' ("CSA") proposal for mandatory climate related disclosure by all venture and non-venture companies in Canada. Furthermore, for IGM's operating companies, having access to broad climate-related disclosures for all reporting issuers would contribute to key information that portfolio managers need in order to make their investment decisions. We are supportive of mandating such disclosure in financial filings in line with the TCFD recommendations (Task Force on Climate-Related Financial Disclosures).

Our responses to the specific questions asked in the consultation follow below.

Questions

Experience with TCFD recommendations

1. For reporting issuers that have provided climate-related disclosures voluntarily in accordance with the TCFD recommendations, what has been the experience generally in providing those disclosures?

Our climate journey began in 2013 when IGM Financial began participating in the annual CDP survey, reporting on climate governance, risk and opportunities, and metrics and targets annually. The CDP survey has evolved over time and aligned with TCFD's recommendations. This has also been the case for the Principles for Responsible Investment, which IG Wealth Management and Mackenzie Investments have been signatories since 2014. Annually we strive to enhance our practices and improve the quality of our climate reporting in line with these evolving frameworks.

When IGM Financial and its operating companies formally committed to the TCFD in 2019, we were well-positioned to deliver on TCFD, however we recognized that there was still significant work to do. We formed a TCFD working group of senior leaders to educate the group on TCFD, perform a gap analysis of current disclosures to the TCFD recommendations, develop an action plan, and align our plans across our teams and companies. Our commitment to the TCFD has also elevated our Board's involvement in climate.

We continue to review technology and tools which are rapidly evolving to quantify the financial risk of climate impacts, perform scenario analysis and provide emissions measurements for our investment funds to enable us to fully deliver on the TCFD recommendations. Across our companies, we have joined several collaborative groups such as ClimateAction100+, Climate Engagement Canada, the Net Zero Asset Manager Initiative, and the Partnership for Carbon Accounting Financials (PCAF) to educate our team and collaborate for better outcomes.

Disclosure of GHG Emissions and Scenario Analysis

2. For reporting issuers, do you currently disclose GHG emissions on a voluntary basis? If so, are the GHG emissions calculated in accordance with the GHG Protocol?

Yes, we report Scope 1, 2 and 3 GHG emissions from our operations and a portion of our Scope 3 – Category 15 investment fund emissions. Our emissions are calculated in accordance with the GHG Protocol and are disclosed through the annual CDP survey, and through our annual sustainability reporting. We are actively working to advance measurement and disclosure of our Scope 3 – Category 15 investment emissions.

3. For reporting issuers, do you currently conduct climate scenario analysis (regardless of whether the analysis is disclosed)? If so, what are the benefits and challenges with preparing and/or disclosing the analysis?

We are in discussions with external vendors to support us in our efforts to develop and implement climate-related scenario analysis across our investment portfolios for both transition risks and physical risks. Tools are developing rapidly, however, the investment industry currently lacks standard models, accepted practices, and deep knowledge to design and interpret the results of scenario analysis. Another challenge is that methodologies and tools don't exist for all asset classes such as green bonds, sovereign debt and private companies.

4. Under the Proposed Instrument, scenario analysis would not be required. Is this approach appropriate? Should the Proposed Instrument require this disclosure? Should issuers have the option to not provide this disclosure and explain why they have not done so?

We agree with the Proposed Instrument to exclude mandating scenario analysis disclosure for the financial services industry given that scenario tools and standards are still nascent and are based on a number of underlying assumptions. We would recommend that the CSA consider prioritizing scenario disclosures for carbon intensive industries subject to higher transition risks or companies operating in locations that are more heavily subject to physical risks. We also encourage that the CSA advocate for the development of standardized tools and approaches to enhance comparability.

5. The TCFD recommendations contemplate disclosure of GHG emissions, where such information is material.

- **The Proposed Instrument contemplates issuers having the option to disclose GHG emissions or explain why they have not done so. Is this approach appropriate?**

- **As an alternative, the CSA is consulting on requiring issuers to disclose Scope 1 GHG emissions. Is this approach appropriate? Should disclosure of Scope 1 GHG emissions only be required where such information is material?**

- **Should disclosure of Scope 2 GHG emissions and Scope 3 GHG emissions be mandatory?**

With the urgency of climate change and to ensure consistent and comparable disclosure for investment decision making, we believe Scope 1 and 2 disclosure should be mandatory within the proposed phased-in periods. We also believe that Scope 3 should be mandatory when it is material (for example when Scope 3 is over 40% of a company's total emissions, per GHG protocol), and in line with the timeline of requirements of the Science Based Targets Initiative and the Partnership for Carbon Accounting Financials (PCAF). In our view, Scope 3 emissions are crucial to properly demonstrate the impact of companies on real economy emissions.

- **For those issuers who are already required to report GHG emissions under existing federal or provincial legislation, would the requirement in the Proposed Instrument to include GHG emissions in the issuer's AIF or annual MD&A (if an issuer elects to disclose these emissions) present a timing challenge given the respective filing deadlines? If so, what is the best way to address this timing challenge?**

We believe that including recent year emissions in an issuer's AIF or annual MD&A could present a timing challenge depending on the issuer's reporting cycle, especially if the data is verified. One solution would be to allow for a year lag in data that is presented in regulated reporting. Many issuers now report on the most recent year to CDP in July, which allows for enough time to prepare and verify the data from the prior year end.

6. **The Proposed Instrument contemplates that issuers that provide GHG disclosures would be required to use a GHG emissions reporting standard in measuring their GHG emissions, being the GHG Protocol or a reporting standard comparable with the GHG Protocol (as described in the Proposed Policy). Further, where an issuer uses a reporting standard that is not the GHG Protocol, it would be required to disclose how the reporting standard used is comparable with the GHG Protocol.**

    - **As issuers have the option of providing GHG disclosures, should a specific reporting standard, such as the GHG Protocol, be mandated when such disclosures are provided?**

    - **Is the GHG Protocol appropriate for all reporting issuers? Should issuers be given the flexibility to use alternative reporting standards that are comparable with the GHG Protocol?**

- **Are there other reporting standards that address the disclosure needs of users or the different circumstances of issuers across multiple industries and should they be specifically identified as suitable methodologies?**

We believe that the GHG Protocol should be mandated for consistency across all companies, industries and geographies. Use of the GHG protocol is in line with the Climate-related Disclosures Prototype of the ISSB and PCAF's methodology.

7. The Proposed Instrument does not require the GHG emissions to be audited. Should there be a requirement for some form of assurance on GHG emissions reporting?

We would recommend that initially it should be up to the issuer to decide whether assurance should be undertaken. There are already additional expenses and resources required to begin emissions reporting so adding assurance costs could be prohibitive for some companies. We believe mandating assurance should be considered once the baseline reporting is in place.

8. The Proposed Instrument permits an issuer to incorporate GHG disclosure by reference to another document. Is this appropriate? Should this be expanded to include other disclosure requirements of the Proposed Instrument?

For consistency and ease of use in investment decision making, we would support mandating GHG disclosures in financial filings, in line with the recommendations of the TCFD. Furthermore, we would support including TCFD disclosures in the proposed annual disclosure statement (combined MD&A and AIF), or in the MD&A (over the AIF) in support of the move towards integrated financial reporting.

Usefulness and benefits of disclosures contemplated by the Proposed Instrument

9. What climate-related information is most important for investors' investment and voting decisions? How is this information incorporated into these decisions? Is there additional information that investors require?

At Mackenzie Investments, the most important climate-related information for investment and voting decisions is:

- Scope 1, 2 and 3 emissions

- Targets including detailed plans on how these will be achieved, and whether targets are science-based and verified

- Climate governance details including specific roles of ultimate accountability, including risk management

- Climate link to executive objectives

- Potential upside opportunities that the company aims to capture as we transition to a low carbon economy

Climate information is received from climate data tools that retrieve the information directly from issuers when available, and through estimations, as required. The information is used in investment analysis for specific investment decisions, in accordance with unique mandates and strategies. The Mackenzie Investments sustainability team also uses the data to evaluate overall climate risk and opportunity within and across funds as well as to build engagement plans, product strategies and climate actions and to track alignment with commitments/targets. However, currently, since climate information is not available from all listed companies, the climate data tools are not able to offer complete information. We believe mandated disclosures will help fill in the current gaps.

10. What are the anticipated benefits associated with providing the disclosures contemplated by the Proposed Instrument? How would the Proposed Instrument enhance the current level of climate-related disclosures provided by reporting issuers in Canada?

Mandated disclosures are expected to lead to consistency, comparability and greater confidence in using climate data for investment decision making. Also, mandated disclosures should signal to all Canadian issuers and investors the importance and urgency for action on climate.

Costs and challenges of disclosures contemplated by the Proposed Instrument

11. What are the anticipated costs and challenges associated with providing the disclosures contemplated by the Proposed Instrument?

There are significant costs to set up reporting, as most companies do not have sufficient tools or internal expertise in climate reporting. Anticipated costs would include consulting assistance to define reporting boundaries, emissions scopes and reporting approaches; internal or external resources to establish reporting processes to gather and analyze information; and dedicating ongoing expertise and tools to measure, report and continue to improve data, management and reporting over time. While not currently mandatory, data assurance is also important cost to consider.

Another significant cost for the asset management industry is to acquire tools to access emissions related to our investments (Scope 3 - Category 15 emissions). Other industries would have similar challenges in estimating upstream and downstream emissions in the supply chain.

We would estimate the total set up costs could be as high as $1 million for similar companies within the investment industry.

12. Do the costs and challenges vary among the four core TCFD recommendations related to governance, strategy, risk management, and metrics and targets? For example, are some of the disclosures more (or less) challenging to prepare?

Costs and challenges for companies would depend on the industry, current business strategy and climate integration, and how wide the gap is to alignment with TCFD. While the TCFD recommendations relate to disclosure, it is ultimately about how well-prepared businesses are for the transition to a green economy.

Overall, costs and challenges would be highest across a broad array of issuers for scenario analysis (strategy), metrics and targets, and any related assurance the company decides to undertake. Companies would generally be expected to leverage existing governance, risk management and business planning processes for TCFD implementation.

For industries and/or companies that are higher emitters and who have not yet integrated climate into business strategy, restructuring of governance and strategy could also be very significant, requiring transformation of human capital, equipment, technology, product design, etc.

13. The costs of obtaining and presenting new disclosures may be proportionally greater for venture issuers that may have scarce resources. Would more accommodations for venture issuers be needed? If so, what accommodations would address these concerns while still balancing the reasonable information needs of investors? Alternatively, should venture issuers be exempted from some or all of the requirements of the Proposed Instrument?

We would agree that a longer transition phase for venture issuers is appropriate but do not believe that these issuers should be exempt from reporting. Standard disclosure requirements should be set in order to enable quality information for investment decision making in the Canadian capital markets.

Guidance on disclosure requirements

14. We have provided guidance in the Proposed Policy on the disclosure required by the Proposed Instrument. Are there any other tools, guidance or data sources that would be helpful in preparing these disclosures that the Proposed Policy should refer to?

We have no further comments.

15. Does the guidance set out in the Proposed Policy sufficiently explain the interaction of the risk disclosure requirement in the Proposed Instrument with the existing risk disclosure requirements in NI 51-102?

We have no further comments.

Prospectus Disclosure

16. Form 41-101F1 Information Required in a Prospectus does not contain the climate-related disclosure requirements contemplated by the Proposed Instrument. Should an issuer be required to include the disclosure required by the Proposed Instrument in a long form prospectus? If so, at what point during the phased-in implementation of the Proposed Instrument should these disclosure requirements apply in the context of a long form prospectus?

As noted in question 8, we do not support including TCFD disclosures in prospectus disclosures. In our view, for consistency and ease of use in investment decision making, we believe it is more appropriate that this information be in financial filings, in line with the recommendations of the TCFD. Furthermore, we would support including TCFD disclosures on strategy, risk management and metrics and targets in the proposed annual disclosure statement, or in the MD&A (over the AIF) in support of the move towards integrated financial reporting. In our view, any prospectus disclosure requirements could be satisfied through incorporation by reference to these documents.

Phased-in implementation

17. The Proposed Instrument contemplates a phased-in transition of the disclosure requirements, with non-venture issuers subject to a one-year transition phase and venture issuers subject to a three-year transition phase. Assuming the Proposed Instrument comes into force December 31, 2022 and the issuer has a December 31 year-end, these disclosures would be included in annual filings due in 2024 and 2026 for non-venture issuers and venture issuers, respectively.

- **Would the transition provisions in the Proposed Instrument provide reporting issuers with sufficient time to review the Proposed Instrument and prepare and file the required disclosures?**

Yes, in our view, the transition period is sufficient. The most significant impact upon implementation would be for issuers who are not currently measuring GHG emissions, however the proposal provides an option to comply or explain.

- **Does the phased-in implementation based on non-venture or venture status address the concerns, if any, regarding the challenges and costs associated with providing the disclosures contemplated by the Proposed Instrument, particularly for venture issuers? If not, how could these concerns be addressed?**

We have no further comments.

Future ESG considerations

18. In its comment letter to the IFRS Foundation's consultation paper published in September 2020, the CSA stated that developing a global set of sustainability reporting standards for climate-related information is an appropriate starting point, with broader environmental factors and other sustainability topics to be considered in the future. What broader sustainability or ESG topics should be prioritized for the future?

We believe the following sustainability or ESG topics should be prioritized in the future: board and workforce diversity, equity and inclusion programs and metrics; actions to support Indigenous reconciliation; Human rights disclosures, health, wellness and workplace policies; and biodiversity metrics as these become more fully developed.

As a general principal, companies should be required to disclose ESG topics that are material to their business, in line with prescribed materiality processes and frameworks.

Conclusion

We thank you for the opportunity to provide comments on Proposed NI 51-107. We would welcome the opportunity to engage with you further on this topic. Please feel free to contact Andrea Carlson at andrea.carlson@ig.ca if you wish to discuss our feedback further or require additional information.

Yours truly,

IGM FINANCIAL INC.

"Luke Gould"

Luke Gould
Executive Vice President Finance and Chief Financial Officer