

# Task Force on Climate-related Financial Disclosures (TCFD) Report 2022

CGI IT UK Ltd

**CGI**



# Contents

<b>1. Foreword</b> .....	2
<b>2. Task Force on Climate-related Financial Disclosures</b> .....	3
<b>3. TCFD recommendations</b> .....	6
<b>4. Our climate strategy and commitments</b> .....	10
<b>5. Governance</b> Our governance around climate-related risks and opportunities.....	11
<b>6. Strategy</b> Building a resilient organisation through strategic planning...	16
<b>7. Risk management</b> Safeguarding against climate-related risks.....	21
<b>8. Metrics and targets</b> Measuring and monitoring our progress with metrics and targets.....	28

# Foreword

It is inevitable that climate change will bring about significant changes to our economy that will create both opportunities and risks for technology organisations like CGI IT UK Ltd. To support the mitigation of emissions and enable adaptation to the emerging changes, we have established robust commitments and plans to ensure that we are playing a key role to support the transition to a low carbon economy, whilst at the same time preparing our organisation for the unavoidable impacts brought about by a changing climate.

CGI IT UK Ltd supports the UK's ambitious policy agenda to help achieve the goals set out by the Paris Agreement. To show leadership in this area, CGI IT UK Ltd, the legal operating entity of CGI Inc. (CGI) in the UK, has committed to a science-based emission reduction pathway of 1.5°C. CGI IT UK Ltd is engaging with our clients and suppliers to help guide them on their journeys to net zero; supporting communities to protect and restore our environment as well as empowering our employees (known as members) to understand and reduce our impact on the planet.

To strengthen the climate resilience of the technology sector and future proof our business model, CGI IT UK Ltd is taking a precautionary approach with regards to adopting measures to improve our climate governance, strategic planning and climate risk management to ensure that we, as an organisation, are well prepared for all eventualities that might arise from the impacts of climate change. We are therefore committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which includes the use of scenario analysis in strategic planning and risk management. We wholeheartedly welcome the mission of the TCFD for organisations to disclose comprehensive information on how climate change will impact all aspects of operations.

At CGI IT UK Ltd, we believe that addressing climate change is important for creating long-term value and recognise that our key stakeholders expect us to act now to safeguard our future. We are proud to present the measures we have undertaken to ensure our organisation will be resilient against the impacts and capitalise upon the opportunities presented by climate change.

This report describes our existing practices under each of the TCFD's four pillars as well as our plans for further integrating the TCFD recommendations into our governance, strategic planning, and risk management processes. This report is the result of many careful months of planning and brings to our audience a synopsis of how CGI IT UK Ltd specifically is preparing for the impacts of climate change.



**Tara McGeehan**  
President,  
UK & Australia



**Kevin Linder**  
Senior Vice-President,  
Investor Relations &  
Global ESG Chair



**Mattie Yeta**  
Chief Sustainability  
Officer, UK & Australia

# Task Force on Climate-related Financial Disclosures

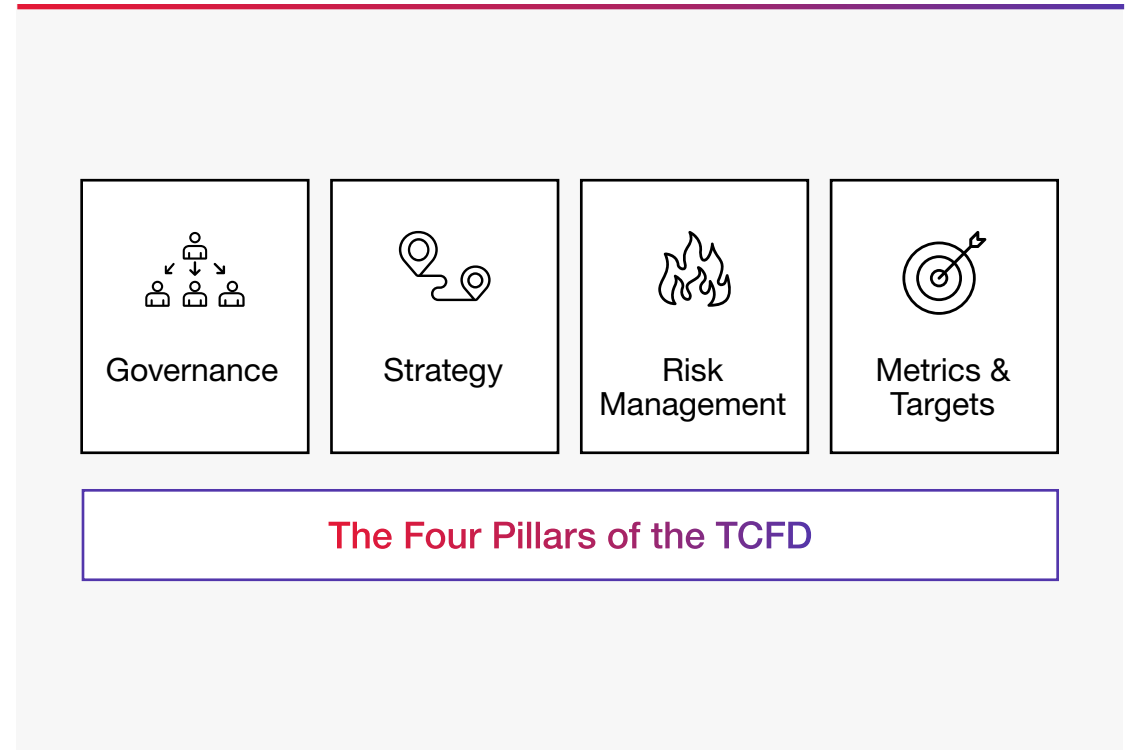
The TCFD was founded in 2015 by the Financial Stability Board (FSB). The aim of TCFD is to improve and increase reporting of climate-related financial information that companies can use to provide information to lenders, insurers, investors and other stakeholders.

To achieve this objective, the TCFD has developed a reporting framework structured around four pillars. In June 2017, the TCFD released their 11 consistent disclosure recommendations for companies to provide transparency with regards to their climate-related risk exposures and opportunities.

CGI IT UK Ltd recognises that climate change poses both physical and transition risks, as well as opportunities for our business. This includes physical risks caused by the increased frequency and severity of climate and weather events, and transition risks associated with

technology, market, reputational or regulatory changes related to changing conditions in the economy resulting from either a transition away from fossil fuel use or a world with dangerous climate impacts.

In 2022, we undertook an in-depth review of our existing governance, strategic planning, risk management and monitoring practices relating to climate change against each of the four pillars of the TCFD. While it was found during this process that our existing practices effectively address the consideration of climate-related risks and opportunities, we renewed our commitment to continue to develop and evolve our approach with time, and work with our members, clients, supply chains, and partners to better understand how the impacts of climate change will impact our organisation.



# TCFD recommendations

Below is our TCFD index which summarises CGI IT UK Ltd's approach across the TCFD recommended disclosures.

Recommended TCFD Disclosure	CGI IT UK Ltd's approach in brief
<b>Governance</b>	
<b>A. Describe the board's oversight of climate-related risks and opportunities.</b>	<p>CGI IT UK Ltd operates a two-tier structure consisting of our Sustainability Executive Steering Committee chaired by the UK and Australia President, and our UK and Australia Sustainability Committee and working groups which are overseen by the UK and Australia Chief Sustainability Officer (CSO).</p> <p>Climate-related risks and opportunities are discussed on a regular basis by the Environmental Working Group and the TCFD Working Group. Matters raised in these forums are considered by the Sustainability Committee and reported to the Sustainability Executive Steering Committee on a quarterly basis by the CSO. See Governance section.</p> <p>Guidance provided through the global risk and audit process, the Environmental Working Group and the TCFD Working Group is used by the Sustainability Executive Steering Committee to inform CGI IT UK Ltd's strategy, major plans of action, risk management policies and procedures, annual budgets and business plans.</p> <p>The Sustainability Executive Steering Committee monitors progress against our climate goals and targets and reviews the financial performance of our sustainability advisory services and technology solutions that facilitate the transition to a low carbon economy on an ongoing basis. The inclusion, qualification and management of existing and emerging climate risks within our risk universe are reviewed by the TCFD Working Group on an annual basis and reported to the Sustainability Executive Steering Committee.</p>
<b>B. Describe management's role in assessing and managing climate-related risks and opportunities.</b>	<p>The UK and Australia President, as chair of the UK and Australia Sustainability Executive Steering Committee, advised by the UK and Australia CSO, is responsible for ensuring that the consideration of climate-related risks and opportunities is included in CGI IT UK Ltd's ongoing strategic planning and risk management cycles.</p> <p>They are supported by the UK Net Zero Programme Lead who is responsible for coordinating the identification and management of CGI IT UK Ltd's risk universe and the execution of CGI IT UK Ltd's Net Zero strategy, respectively.</p> <p>Identified climate-related issues and opportunities are reported to the CSO who summarises the findings for the Sustainability Executive Steering Committee. Financial performance of the provision of sustainability solutions to clients, as well as the impact of any existing or emerging risks due to the impacts of climate change, are monitored on an ongoing basis by teams within the UK and Australia Strategic Business Unit (SBU) who own the particular risk or opportunity.</p> <p>For further information please refer to the Governance section of this TCFD Report.</p>

Recommended TCFD Disclosure	CGI IT UK Ltd's approach in brief
<p><b>Strategy</b></p>	
<p><b>A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</b></p>	<p>CGI IT UK Ltd has identified several climate-related risks and opportunities across short, medium and long-term timescales. Examples of opportunities include the enablement effect of IT and the development of new opportunities through R&amp;D, particularly in the short-term. Examples of risks include those arising from increasingly severe and frequent weather events which may impact CGI IT UK Ltd assets, clients and supply chains, particularly in a long-term timeframe. Short-term risks include those arising from fluctuations in the price of carbon, the introduction of new legislation, unsuccessful investment in new technologies, changing consumer preferences and an inability to capitalise on the opportunities presented by the carbon economy.</p> <p>Climate risks and opportunities were identified during workshops and 1:1 interviews held with key business leaders during 2022.</p>
<p><b>B. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.</b></p>	<p>CGI has an annual business planning cycle in which climate-related risks and opportunities are considered and included within the organisation's strategy and financial planning.</p> <p>Opportunities for the development of new solutions and services, reduction of emissions from CGI IT UK Ltd's supply chain, emission reduction strategies and growth of partnerships with the objective of collaborating for sustainability, are all identified and incorporated into the UK and Australia's business plans on an ongoing basis.</p> <p>In April 2021, CGI IT UK Ltd announced an updated focus and business strategy on net zero and in September 2021 received verification from the Science-Based Targets Initiative for the company's 1.5°C science-based targets. Since then we have evolved our net zero commitments, alongside supporting our clients and suppliers on their journey to net zero.</p> <p>The annual Enterprise Risk Assessment process includes the identification of climate-related risks which helps CGI IT UK Ltd plan for climate-related risk events and increase the resilience of our business plans; for example, by conducting due diligence exercises that include climate-related risk factors when acquiring new organisations and accounting for the costs associated with damage caused to CGI IT UK Ltd assets due to severe weather caused by climate change.</p>

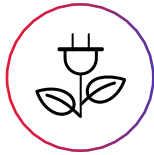
Recommended TCFD Disclosure	CGI IT UK Ltd's approach in brief
<p><b>Strategy</b></p>	
<p><b>C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b></p>	<p>Currently we assess that the potential impact of 1.5°C, 1.7°C, 2.6°C and 3°C scenarios on CGI IT UK Ltd across short, medium and long-term horizons (2022 – 2025, 2026 – 2036 and 2037 – 2050) respectively.</p> <p>In the scenarios with high political ambition relating to the mitigation of climate change, we expect there to be high demand for sustainability solutions (both advisory services and technology solutions), presenting significant opportunity for CGI IT UK Ltd to develop new revenue streams in this area. These opportunities are coupled with an increased likelihood of transition risks in the form of stringent regulation and possible negative impacts from a high carbon price impacting our revenue streams.</p> <p>In scenarios with low political ambition, we expect the opportunities for CGI IT UK Ltd to exist, but in lower abundance than the more ambitious scenarios. We expect the risks in these scenarios to differ in that transition risks will be less prevalent, however risks from extreme weather events will likely be more severe, which could impact CGI IT UK Ltd assets, clients, supply chains and member safety.</p> <p>We plan to adapt our strategy according to the scenario that is most likely, ensuring that risks are minimised and opportunities are maximised.</p> <p>For additional details, please refer to the Strategy section of this TCFD Report.</p>

Recommended TCFD Disclosure	CGI IT UK Ltd's approach in brief
<b>Risk Management</b>	
<p><b>A. Describe the organization's processes for identifying and assessing climate-related risks.</b></p>	<p>CGI IT UK Ltd's risk universe includes external climate-related physical and transition risks, which includes risks from extreme weather events on our assets as well as risk from emerging environmental legislations.</p> <p>Furthermore, CGI IT UK Ltd maintains a heatmap of detailed physical and transitional climate risks across the business which includes risks from policies, legislation, technology, market, reputation and acute and chronic physical risks. This approach is specific to CGI IT UK Ltd, our operating model, solutions, services, clients and members and includes control measures on how each risk may be managed and monitored.</p>
<p><b>B. Describe the organization's processes for managing climate-related risks.</b></p>	<p>Risks are assessed using defined scales of likelihood, potential impact and timeframes and include qualitative descriptions of opportunities for mitigation and monitoring. Risk assessments and mitigation plans are reviewed at an appropriate level of management according to the scope and potential impact.</p> <p>Leaders responsible for risk management must assign ratings for likelihood, potential impact and timeframes from which a risk level is calculated which is then used to prioritise the risk in terms of materiality.</p>
<p><b>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</b></p>	<p>Risks are identified as part of CGI IT UK Ltd's Enterprise Risk Management process which takes place annually. Risks are continuously monitored and formally reassessed quarterly.</p> <p>The risks universe is reviewed and updated every year based on input from CGI IT UK Ltd's Board of Directors, Executive and Operational Management following a review of emerging risk trends.</p> <p>We have been measuring emissions related to our operations since 2014 and have made significant progress in reducing emissions and managing the resources we use. For further information about our net zero approach please see our latest CGI IT UK Ltd Environment Report.</p> <p>For additional details, please refer to the Risk Management section of this TCFD Report.</p>



Recommended TCFD Disclosure	CGI IT UK Ltd's approach in brief
<b>Metrics &amp; Targets</b>	
<b>A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</b>	All metrics are disclosed and described in the Metrics and Targets section of this TCFD Report.
<b>B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</b>	All metrics are disclosed and described in the Metrics and Targets section of this TCFD Report.
<b>C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</b>	<p>CGI IT UK Ltd has set 1.5°C near-term science-based targets (SBTs) verified by the Science-Based Targets Initiative for scopes 1, 2 and 3 (business travel) GHG emissions. Our target commits us to reduce our absolute GHG emissions by 46% by 2026 from a 2019 base year. Alongside this, the company has set a supply chain engagement target for 50% of our UK suppliers (by spend) to have set science-based targets by 2026.</p> <p>For additional details, please refer to the Metrics and Targets section of this TCFD Report.</p>

# Our CGI IT UK Ltd climate strategy and commitments



## Our journey to Net Zero

- We set 1.5°C SBTs - verified by the Science-Based Targets Initiative (SBTi).
- Our UK buildings are committed to be powered by 100% renewable electricity by 2025.
- 100% of our UK company fleet will be transitioned to electric vehicles or plug-in hybrid vehicles by 2025.
- We set a supply chain engagement target with the SBTi, that 50% of our UK suppliers (by spend) will have set SBTs by 2026.



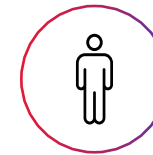
## Collaborating with partners and innovating for climate change

- Establishment of the SEEDS (Sustainability Exploration and Environmental Data Science) research programme with Academia and the United Nations to challenge the thinking around sustainability and develop ground-breaking products and solutions.
- Digital Climate Technology Partner Ecosystem established to connect UK small and medium sized enterprises (SMEs), with innovative climate solutions.
- Development of metaverse solution for COP27.



## Supporting our clients and suppliers on their net zero journey

- Our digital solutions and expertise support the transition to a low carbon economy and sustainable world.
- Our Sustainability and Climate Change Advisory Services help clients on their road to net zero.
- Our Responsible Business Webinars and Ethical Business Forum supports suppliers and partners.
- We developed a Carbon Impact Tool which allows us to measure the carbon impact of our projects/services for our clients.



## Empowering our members to understand and reduce their environmental impact

- Our No Planet B volunteering initiative empowers our members to take action to protect our planet.
- Our community tree planting project allows members to plant trees in our communities.
- Our Net Zero and No Planet B Roadshows and ongoing environmental education supports and educates members to reduce their personal environmental impact.
- Our partnership with Pawprint, the carbon footprint app, allows our members to understand, measure and reduce their carbon footprint.

# Governance of climate impacts at CGI IT UK Ltd

In 2022, CGI IT UK Ltd appointed a Chief Sustainability Officer (CSO) responsible for driving and leading the ESG agenda for CGI in UK and Australia. In the same year, and under leadership of the CSO, CGI IT UK Ltd established a research programme with the United Nations named SEEDS (Sustainability Exploration and Environmental Data Science), to bridge the technology and research gap around sustainability with governments, businesses and individuals to drive transformative change.

Also in 2022, CGI IT UK Ltd formulated a TCFD Working Group to review and adopt the recommendations of the TCFD. The TCFD Working Group includes sustainability leads at both UK and Global levels as well as risk management and finance leads. In 2022, the TCFD Working Group undertook a sprint of activity to understand the TCFD recommendations and to plan how they can be used to augment our existing risk management and strategic planning processes.

The TCFD Working Group plans to integrate the TCFD recommendations within the strategic planning process for the UK and Australia Strategic Business Unit during 2023 and adopt any learnings from this exercise in 2024 and beyond.

CGI IT UK Ltd recognises that our understanding of climate change and its impact is always evolving. We expect that our ESG governance and management practice will continue to change as our understanding of the impacts of climate change on our strategy and operations become more clearly understood.

The Environmental Working Group meets monthly to collaborate on the overall strategy and actions needed. Working groups made up of participants from business units and internal stakeholders, meet monthly to develop and implement our ESG priorities.

CGI IT UK Ltd's greenhouse gases (GHG) emission reduction targets and decarbonisation roadmap are led by the Environmental Working Group which is chaired by the CSO.

The targets are approved by the Sustainability Executive Steering Committee. CGI IT UK Ltd is a member of the UN Global Compact and responds annually to the Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI) and EcoVadis assessment.



Governance Forum	Responsibility
<b>CGI's ESG Executive Steering Committee</b>	Our global ESG Executive Steering Committee is responsible for all sustainability matters. Members of this committee discuss and advise on sustainability strategy, targets, planning and budget.
<b>UK &amp; Australia Sustainability Executive Steering Committee</b>	Sustainability matters are discussed on a quarterly basis by the UK & Australia Sustainability Executive Steering Committee. This committee monitors climate-related risks and periodically discusses sustainability matters, feeding into the global audit process and reporting to CGI's ESG Executive Steering Committee, as necessary.
<b>UK &amp; Australia Chief Sustainability Officer (CSO)</b>	Responsible for overseeing CGI's sustainability agenda in the UK and Australia, the UK & Australia CSO is responsible for the set-up and implementation of the sustainability strategy, including targets, planning and budget. The CSO keeps up to date on all sustainability developments and is responsible for engaging with our external stakeholders on sustainability matters. The CSO meets regularly with each business unit to evaluate activities, discuss progress and plan future developments.
<b>UK &amp; Australia Sustainability Committee</b>	Our UK & Australia Sustainability Committee, which is chaired by the UK & Australia CSO, is responsible for all environmental sustainability matters across the UK and Australia Strategic Business Unit, and is where members can discuss and advise on environment sustainability strategy and targets. The Sustainability Committee is also responsible for implementing UK & Australia decarbonization projects and GHG emission reporting supported by the Net Zero Programme Lead.
<b>Sustainability Working Groups</b>	Ad-hoc working groups and networks reporting to the UK & Australia CSO and UK & Australia Sustainability Committee. These groups advise on specific environmental and sustainability matters including TCFD, social and client facing sustainability, social value, operational and strategic planning, and sustainability communication.

## Governance of climate impacts at CGI IT UK Ltd

Good corporate governance is very important to us. The values we share at CGI form the foundation of our global corporate governance practices. Our ESG governance objectives are set under the guidance of several groups:

### CGI Board of Directors

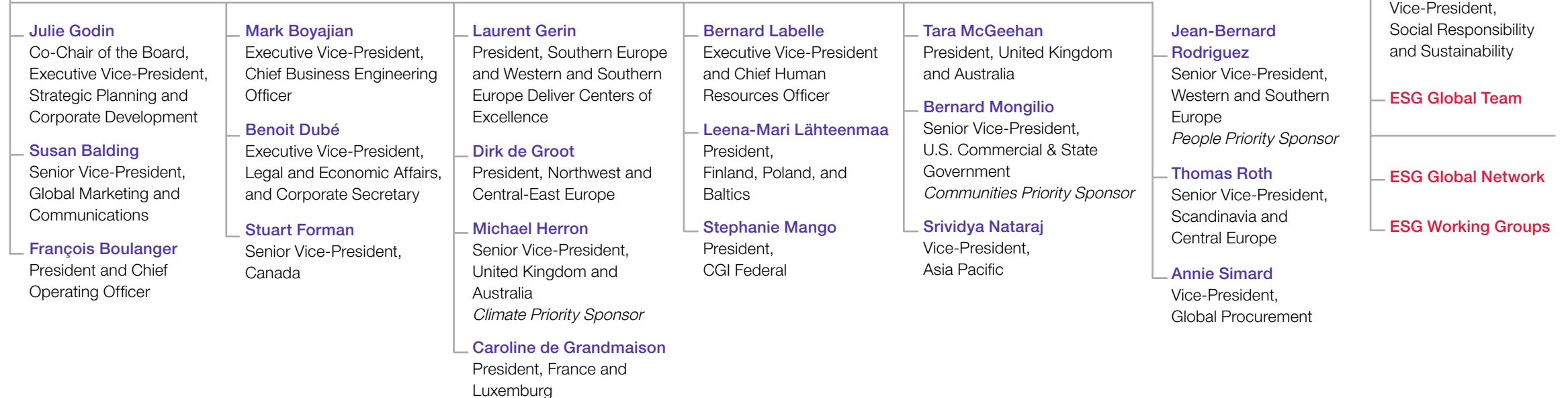
**George D. Schindler**

President and Chief Executive Officer | **Company's Executive Committee**

### ESG Executive Steering Committee

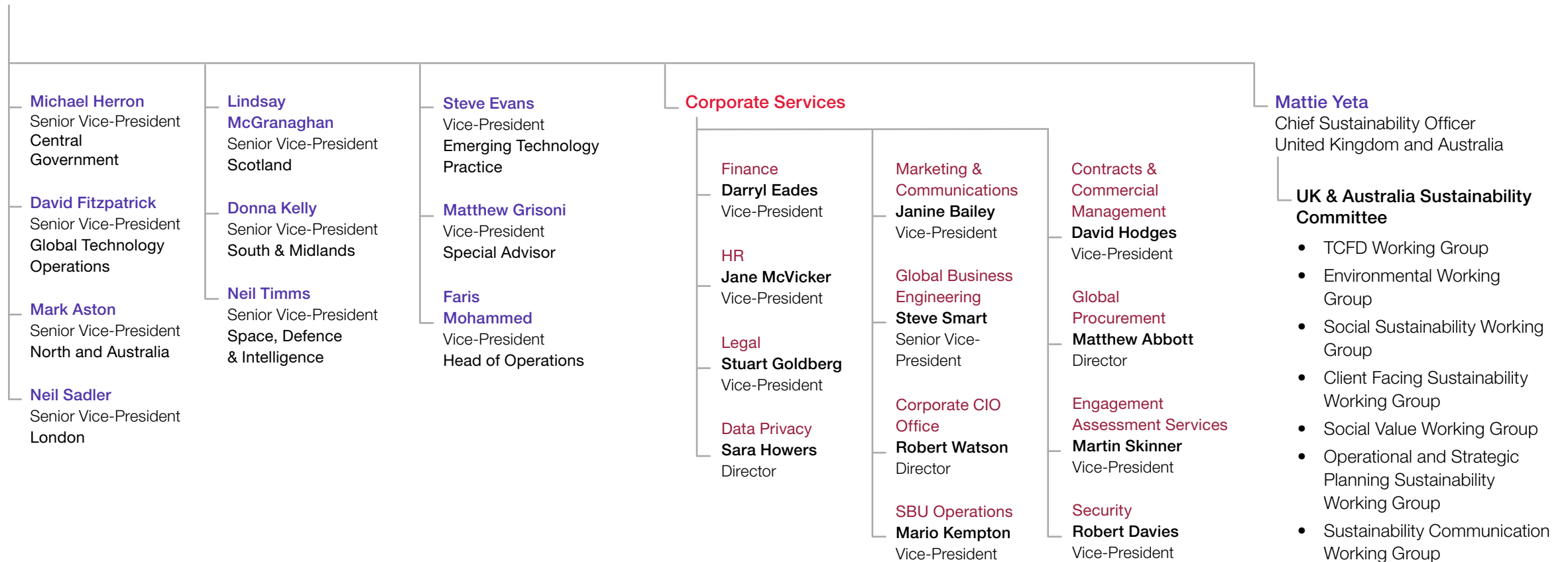
**Chair: Kevin Linder**

Senior Vice-President, Investor Relations



**UK & Australia Sustainability Executive Steering Committee**

Chair: **Tara McGeehan** President, United Kingdom and Australia



# Building a resilient organisation through strategic planning

At CGI IT UK Ltd we believe that digital and technology solutions will be key enablers of the transition to a low carbon economy and recognise that both climate-related risks and opportunities have significant potential to impact our business. We know that the future is uncertain and that we are likely to encounter many changes caused by climate change. These changes may present themselves as a result of the timely adoption of climate policies across the world, stimulating innovation and demand for low carbon and energy efficient technology solutions, or from the dangerous impacts of physical risks in a world in which we have failed to act decisively on climate change.

During our annual global strategic planning cycle, leaders across the organisation consider business intelligence from megatrend reports, survey results, competitor analyses and economic perspectives to ensure our business plans are formulated having planned for all eventualities. It is recognised that climate-related trends have grown in significance over the most recent

decade and it is expected that both the impacts of climate change and digitisation will play key roles that will shape our economy over the coming years. We recognise the benefits of adopting recommendations of the TCFD, such as the consideration of scenarios in our strategic planning and risk management processes across short, medium and long-time horizons.

During 2022, the TCFD Working Group was established to adopt the recommendations of the TCFD. Having reviewed the recommendations in detail, the TCFD Working Group formulated a plan to supplement the business intelligence gathering process with scenario data and planning frameworks. These data sets and frameworks will help our strategic planning leaders systematically consider the risks and opportunities associated with climate change across a range of scenarios and timeframes in line with the guidance from the TCFD. We will integrate the use of the newly formulated scenarios within the UK and Australia Strategic Business Unit during 2023.

To formulate relevant scenarios, the TCFD Working Group assessed the external environment, defined relevant time horizons, identified and ranked the driving forces and formulated the focal question, before drafting narratives that would be used to inform the risk management and strategic planning processes. The work built on existing best-practice and publicly available information, such as the data and resources made available by the Network for Greening Financial Systems (NGFS) and the Program for Climate Model Diagnosis and Intercomparison (PCMDI).

We have adopted the recommendations provided by the NGFS following the four scenarios described in the table on pages 16 and 17, ranging from a best-case scenario in which we collectively manage to reduce global warming to below 1.5°C and a worst-case scenario in which global warming exceeds 3°C.



<b>Climate scenarios</b>	
<b>Scenario 1: 'Honouring Paris'</b>	
<b>Overview</b>	Transition to a carbon neutral economy begins early, and this is a scenario under which countries and regions embark on a coordinated effort to implement immediate, ambitious and stringent policies
<b>Models used</b>	Transition Risk: REMIND-MAgPIE 2.1-4.2, Net Zero 2050   Physical Risk: CMIP6, SSP1-1.9; CMIP5, RCP2.6
<b>Key Assumptions</b>	Decisive, early climate action. Management of the global emissions improves with time
<b>Global trends</b>	High carbon price, reaching approximately \$184 USD per tonne by 2030 and approximately \$673 USD per tonne by 2050. High adoption of Carbon Capture and Storage (CCS) technology used to achieve goals
<b>Global warming</b>	Reaches 1.6°C by 2050 and reduces to 1.5°C by 2100
<b>Scenario 2: 'Late Upsurge'</b>	
<b>Overview</b>	Global emissions remain at the same level until 2030, after which there is a rapid yet uncoordinated decline in fossil fuel use due to the implementation of strong, regionally divergent climate policies
<b>Models used</b>	Transition Risk: REMIND-MAgPIE 2.1-4.2, Delayed Transition   Physical Risk: CMIP6, SSP2-4.5; CMIP5, RCP4.5
<b>Key Assumptions</b>	Delayed climate action followed by strong, yet disorganised mitigation later. Challenges to reducing environmental and societal vulnerability are not fully mitigated
<b>Global trends</b>	Carbon price increases rapidly from \$3-\$60 USD per tonne in 2030 to \$232 USD per tonne in 2035. High use of carbon sequestration and CCS technologies used after 2035 to achieve goals
<b>Global warming</b>	Reaches 1.8°C by 2050 and reduces to 1.7°C by 2100



## Building a resilient organisation through strategic planning

<b>Scenario 3: 'Climate Apathy'</b>	
<b>Overview</b>	Diverse, yet modest climate ambition that reflect the Nationally Determined Contributions (NDCs) as they are agreed today, and are conformed with throughout the 21st century
<b>Models used</b>	Transition Risk: REMIND-MAGPIE 2.1-4.2, NDCs   Physical Risk: CMIP6, SSP4-6; CMIP5, RCP6
<b>Key Assumptions</b>	Countries adopt differentiated policies in an unruly climate system driven by conformity with the NDCs rather than strong co-operation resulting in a disorderly transition with high inequalities
<b>Global trends</b>	Fossil fuel use declines gradually after 2035. Investment in low carbon, energy efficiency solutions and renewable energy increases gradually. Relatively low uptake of carbon sequestration and CCS technology
<b>Global warming</b>	Reaches 2°C by 2050 and gradually increases to 2.5°C by 2100
<b>Scenario 4: 'Enabling Extinction'</b>	
<b>Overview</b>	Emissions increase until 2080, resulting in irreversible sea level rise, increasingly severe and frequent extreme weather events with the possibility of hitting environmental tipping points
<b>Models used</b>	Transition Risk: REMIND-MAGPIE 2.1-4.2, Current Policies   Physical Risk: CMIP6; SSP8.5 SSP CMIP5 RCP8.5
<b>Key Assumptions</b>	No new climate policies are implemented and extractivist ideologies are enabled. Devastating social and environmental impacts including significant loss of species and ecosystems
<b>Global trends</b>	Fossil fuel use closely follows the trajectory of emissions with no decline in the first half of the century. Investment in low carbon solutions and energy efficiency, uptake of CCS technologies and carbon sequestration is minimal, with significant losses to global GDP
<b>Global warming</b>	Reaches 2.1°C by 2050 and continues increasing to 3.2°C by 2100

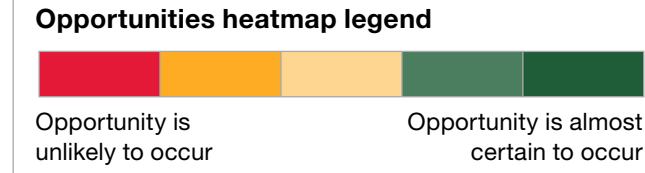
## Building a resilient organisation through strategic planning

The following timescales were identified over which to consider the climate-related risks and opportunities: Short-term (2022–2025), medium-term (2026-2035) and long-term (2036-2050). During 2022, the TCFD Working Group conducted an initial assessment of material climate-related risks and opportunities that may impact CGI IT UK Ltd operations across the short, medium and long-term time horizons described above under the four scenarios.

Scenario analysis has helped us improve our understanding of our current resilience against the impacts of climate change. It has helped focus our attention on strategies that may be put in place early to capitalise on the opportunities presented to us as well as mitigation strategies that reduce our risk exposure to both the transition and physical impacts of climate change. The key opportunities identified when mapping the process to our strategic planning are presented on page 19 while the key risks are shown in the next chapter of this report.

CGI IT UK Ltd leaders carefully consider investment into new areas of research and development with regards to low carbon and energy efficiency solutions, as well as the establishment of sustainability advisory practices to help our clients meet their net zero objectives within their strategic planning process. Opportunities to capitalise on investment in these areas are highest in the 'Honouring Paris' and 'Late Upsurge' scenarios.





## Top climate opportunities for CGI IT UK Ltd

<b>The enabling effect of IT solutions</b>	Scenario (1-4)				
<p>The implementation of IT solutions often has an enabling effect<sup>1</sup> that results in reduced emissions due to the substitution of more fossil fuel intensive modes of operation e.g., the substitution of travel that is enabled by the implementation of video-conferencing facilities. In scenarios 1 and 2 we expect there to be accelerated demand for energy efficiency and low carbon solutions therefore we recognise this to be a key opportunity for CGI IT UK Ltd.</p>	Timeframe	1	2	3	4
	Short-term	Dark Green	Light Orange	Light Orange	Light Orange
	Medium-term	Dark Green	Dark Green	Light Orange	Light Orange
	Long-term	Dark Green	Dark Green	Dark Green	Light Orange
<b>Development of new solutions through R&amp;D</b>	Scenario (1-4)				
<p>Global investment in low carbon solutions and energy efficiency improvements reaches \$95 and \$80 trillion USD in scenarios 1 and 2 respectively by 2050 compared with \$52 and \$39 trillion USD in scenarios 3 and 4. We envision capitalising on this market by delivering innovative solutions through R&amp;D, particularly in markets where investment is expected to be highest (North America and Europe).</p>	Timeframe	1	2	3	4
	Short-term	Dark Green	Light Orange	Light Orange	Light Orange
	Medium-term	Dark Green	Dark Green	Light Orange	Light Orange
	Long-term	Dark Green	Dark Green	Light Orange	Light Orange
<b>Reputational benefit due to net zero goals</b>	Scenario (1-4)				
<p>People, communities and climate are three of CGI IT UK Ltd five priorities and we aspire to demonstrate exemplary stewardship of our operations and within the communities and environment in which we operate. We voluntarily disclose our ESG performance each year and have set ambitious net zero targets. We believe that engaging with our stakeholders with regards to ESG is a key strategic opportunity for CGI IT UK Ltd, particularly under scenarios 1 and 2.</p>	Timeframe	1	2	3	4
	Short-term	Dark Green	Light Orange	Light Orange	Light Orange
	Medium-term	Dark Green	Dark Green	Light Orange	Light Orange
	Long-term	Dark Green	Dark Green	Dark Green	Light Orange
<b>Improvement in market valuation due to proactive planning to safeguard our operations</b>	Scenario (1-4)				
<p>We believe that establishing robust governance processes to improve our resilience against the increasingly volatile, uncertain, complex and ambiguous challenges posed by climate change is a key opportunity and could result in improved investor relations and market valuation due to increased confidence from investors.</p>	Timeframe	1	2	3	4
	Short-term	Dark Green	Dark Green	Dark Green	Dark Green
	Medium-term	Dark Green	Dark Green	Dark Green	Dark Green
	Long-term	Dark Green	Dark Green	Dark Green	Dark Green

<sup>1</sup> GSMA & The Carbon Trust (2019), The Enablement Effect, [The impact of mobile communications technologies on carbon emission reductions](#), GSMA & The Carbon Trust

# Safeguarding CGI IT UK Ltd against climate-related risks

As discussed in the 'Our Commitments' and 'Metrics and Targets' chapters, CGI IT UK Ltd is also implementing ambitious net zero goals to mitigate the impact of climate change and in doing so hopes to meet stakeholder expectations with regards to proactive environmental stewardship of our operations and sphere of influence.

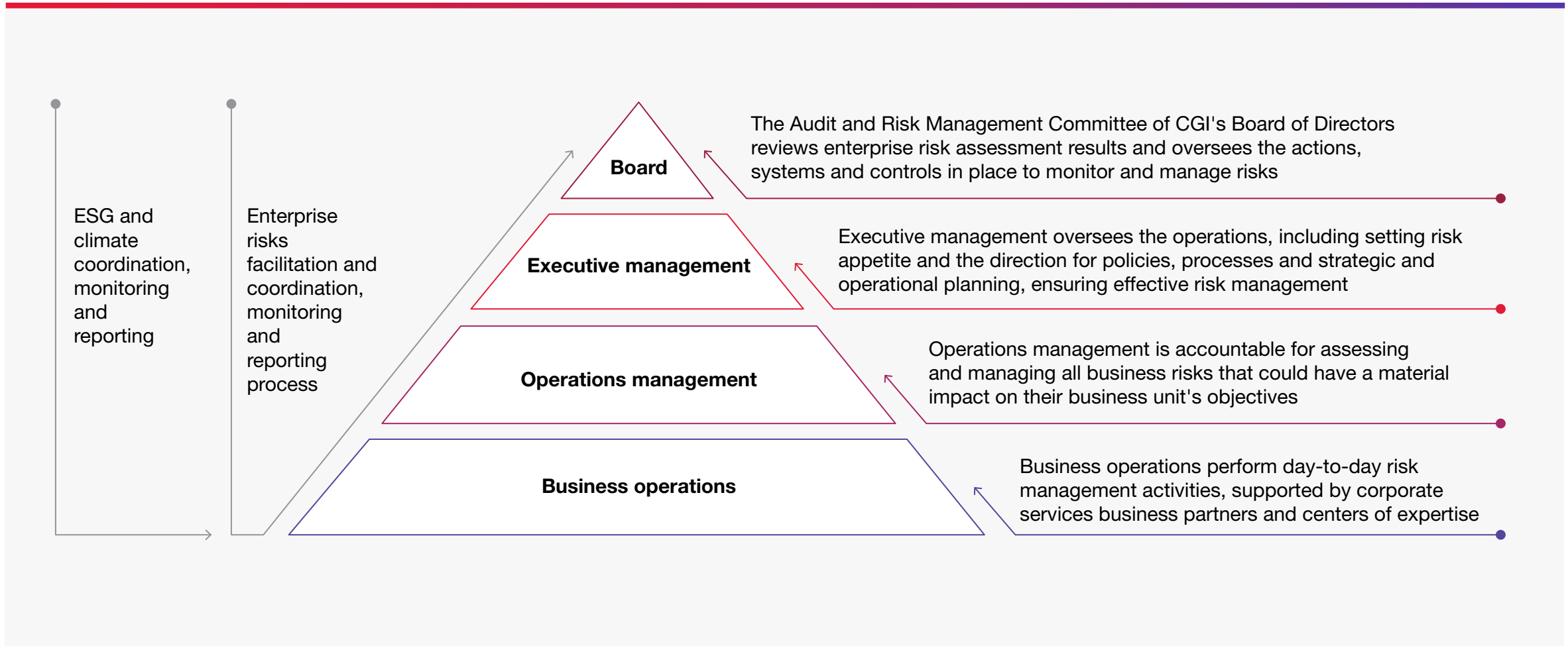
CGI's Enterprise Risk Management process ensures that risks are effectively managed and that all significant risks are reported at the enterprise level-through our Board of Directors. Any risks that affect our operations and could negatively impact the achievement of our business objectives are systematically addressed through this process.

Enterprise risks are assessed on an annual basis, aligned with the timing of our strategic planning process. These risks are continuously monitored by our operational management and are formally reassessed quarterly.

Operational management in all business units and functions must actively anticipate, manage, and monitor the evolution of their risks, seek out opportunities, and contain potential threats. Independent from operational management, we have processes to facilitate and coordinate the risk assessment and monitoring process and to provide reports to CGI's Audit and Risk Management Committee on our most material risks as well as our overall risk posture.

CGI's publicly disclosed risks and uncertainties are in the [Management's Discussion and Analysis section of the Fiscal 2022 results](#). This included external risks such as natural disasters and climate change, and their impact on our clients and our business.





## Integrated approach for assessing and managing enterprise risks

Using a structured and systematic approach to enterprise risk assessment and monitoring, as well as a uniform set of terms called the risk universe, CGI's enterprise risk assessment covers risk headings and guidance regarding all potential risk areas, including risks to achieving our ESG objectives. Our risk universe integrates the dimensions of environment (including external climate-related physical and transition risks, and existing and emerging environmental regulations), social (including member-related risks), and governance (including security, data privacy and ethics). The risk universe is reviewed and updated every year based on input from the Board of Directors, Executive and Operational Management, and review of emerging risk trends.

The risk assessments apply to all aspects of the business, all stakeholders, and all time horizons. We assess each risk heading using defined scales of likelihood, potential impact on objectives, and timeframe, along with qualitative descriptions of risk identification, mitigation, and monitoring. Each risk's significance is classified based on a combination of impact and likelihood over time. CGI's risk assessments and mitigation plans are reviewed at an appropriate level of management according to the scope and potential impact (Business Unit or Strategic Business Unit management committee, Executive Committee, or Board of Directors).

Significant and emerging risks are reported to our Board of Directors through the Audit and Risk Management Committee as required, at a minimum of once per quarter. Risks that could affect investors or the long-term sustainability of the enterprise are disclosed in our public filings. Appropriate risk mitigation plans are developed by each Business Unit for any significant risks identified within scope. Regardless of the risk's time horizon, these plans are included in each business unit's annual business plan and reflected in the overall rolling strategic plan as appropriate.

Documented guidance provides strategies to reduce the likelihood or potential impact, transfer the risk, avoid or stop the risk-bearing activity (including on a precautionary basis), or accept the risk when existing controls are deemed appropriate.

More generally, the insights on risks and opportunities gained during the risk assessment process, along with insights gathered from all stakeholder groups (shareholders, clients, and members), inform annual and longer-term strategic business planning. See [CGI's 2022 ESG Report](#) for more information.



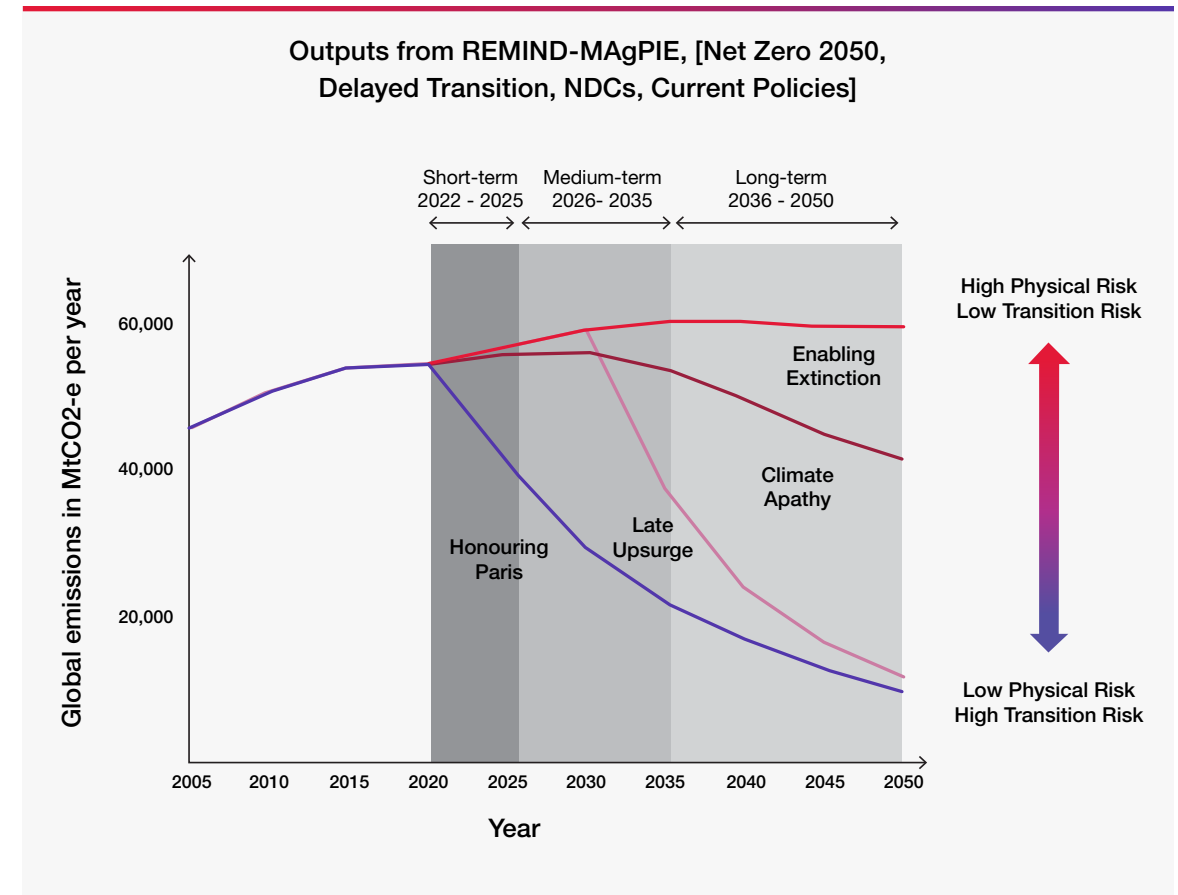
## Implementing processes for mitigating climate risk

Our existing Enterprise Risk Management process ensures that mitigation plans, processes and controls are established to ensure that CGI IT UK Ltd is resilient against any identified risks. With the introduction of new business insights using scenario data, we recognise that we may need to evolve our plans, processes and controls relating to the management of climate-related risks to ensure we remain resilient against any new risks that may materialise due to the impacts of climate change. We anticipate that the Environmental Working Group and sustainability networks, led by our CSO, will play increasingly important roles to ensure that appropriate remediation plans are established in response to changing risk levels from the impacts of climate-related risks.

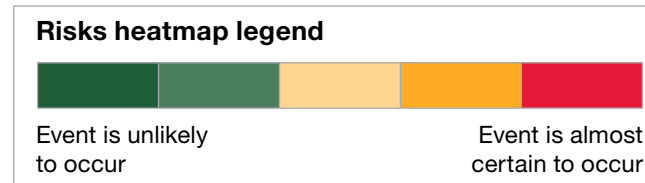
## Materiality of climate-related risks in context of CGI IT UK Ltd

It is important to highlight that in 2022, climate-related risks made up a relatively small proportion of the risks faced by CGI IT UK Ltd. While this report summarises the detailed findings of a one-off exercise conducted to assess CGI IT UK Ltd's climate-related risks in detail, formal consideration of the climate-related risks at the level of detail included in this report will be gradually integrated within the risk management and strategic planning processes over time.

The tables on pages 24 and 25 list the primary risks considered during an initial in-depth climate-focused assessment.



## Top climate risks for CGI IT UK Ltd



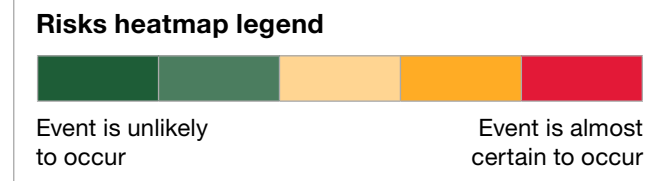
<b>A significant increase in the price of carbon</b>	Scenario (1-4)			
	1	2	3	4
Under scenarios 1 and 2, the carbon price increases (gradually and radically respectively) from \$3-\$60 USD to \$232 USD per tonne by 2035. While this would have moderate direct impact on CGI IT UK Ltd's revenue streams, we expect that the indirect effects from the loss of revenue streams from clients with high exposure to the carbon price in certain industries may have a greater financial impact for CGI IT UK Ltd.	Timeframe			
	Short-term	Orange	Dark Green	Dark Green
	Medium-term	Dark Red	Dark Red	Light Orange
	Long-term	Dark Red	Dark Red	Orange

<b>Increased frequency and severity of extreme weather events</b>	Scenario (1-4)			
	1	2	3	4
In scenario 4, global warming exceeds 3°C, and daily precipitation will increase by 14mm by 2050. In scenarios 3 and 4, we expect to see more frequent and intense hot weather and rainfall events (droughts/heatwaves/wildfires/floods/tropical storms) and therefore anticipate potential moderate to low risk to our operations, member and client safety under these scenarios.	Timeframe			
	Short-term	Light Orange	Light Orange	Light Orange
	Medium-term	Orange	Orange	Orange
	Long-term	Light Orange	Orange	Dark Red

<b>The introduction of new climate regulation</b>	Scenario (1-4)			
	1	2	3	4
The risk posed by new climate regulation is highest in scenario 1 in the short- and medium-term and the medium- and long-term in scenario 2. Example risk factors include litigation due to non-compliance, enhanced emissions reporting obligations that may expose CGI IT UK Ltd to reputational damage and increasingly stringent standards relating to energy efficiency (hardware/buildings).	Timeframe			
	Short-term	Dark Red	Dark Green	Dark Green
	Medium-term	Dark Red	Dark Red	Light Orange
	Long-term	Orange	Dark Red	Orange

<b>Shifts in consumer preferences</b>	Scenario (1-4)			
	1	2	3	4
CGI IT UK Ltd anticipates that consumer preferences will shift more radically in the short-term then gradually subside in the medium- and long-term under scenario 1 due to better education early on and a reduced threat from the physical risks of climate change later. Conversely, consumer preferences are likely to shift more radically in the medium- and long-term in scenarios 3 and 4.	Timeframe			
	Short-term	Orange	Light Orange	Light Orange
	Medium-term	Light Orange	Orange	Orange
	Long-term	Dark Green	Orange	Dark Red





## Top climate risks for CGI IT UK Ltd

<b>Rising sea levels</b>	Scenario (1-4)				
Since CGI has operations in several coastal locations in the UK and Australia there is a moderate-severe risk that our operations will be impacted in the medium and long-term. Rising sea levels and associated impacts (storm surges, coastal erosion) are likely to have the highest impact in scenarios 3 and 4 between 2035 and 2050.	Timeframe	1	2	3	4
	Short-term	Green	Green	Green	Green
	Medium-term	Yellow	Yellow	Orange	Orange
	Long-term	Yellow	Orange	Red	Red
<b>Disruptions to our supply chains</b>	Scenario (1-4)				
Disruptions to our supply chains are likely to correspond with high transition risks, such as the increase in price of carbon or the introduction of regulation associated with the characteristics of scenario 1 and 2 or more severely with the increasing severity and frequency of high physical risks such as extreme weather events, associated with scenarios 3 and 4.	Timeframe	1	2	3	4
	Short-term	Orange	Yellow	Yellow	Yellow
	Medium-term	Orange	Orange	Orange	Orange
	Long-term	Yellow	Orange	Red	Red
<b>Unsuccessful investment in new technologies</b>	Scenario (1-4)				
Investment in low carbon technologies and energy efficiency increase to \$3,320 and \$3,003 billion USD per year by 2035 respectively in scenarios 1 and 2. CGI IT UK Ltd recognises that we may not be able to capitalise on this increase in investment unless our solutions meet the needs of the new low carbon economy. This risk is highest in scenarios 1 and 2 and lowest in scenario 4.	Timeframe	1	2	3	4
	Short-term	Orange	Yellow	Yellow	Green
	Medium-term	Orange	Yellow	Yellow	Green
	Long-term	Yellow	Green	Green	Green

Key trends that emerged from our initial, high-level analysis of risks at enterprise level found that transition risks were highest in the ‘Honouring Paris’ scenario in the short-term whereas physical risks were highest in the ‘Enabling Extinction’ scenario, particularly in the long-term.

## Transition risks

As shown in the previous table, sharp increases in the price of carbon may impact revenues from CGI IT UK Ltd clients with high exposure to a fluctuating carbon price, particularly in the 'Honouring Paris' and 'Late Upsurge' scenarios. To monitor and manage this risk, CGI IT UK Ltd will carefully monitor the price of carbon proportion of revenues generated by clients that are currently fossil fuel intensive.

Risk from the introduction of new climate regulation was identified to be high in the 'Honouring Paris' and 'Late Upsurge' scenarios. The internal sustainability team carefully monitor government websites and conduct horizon-scanning exercises to ensure we are prepared for any emerging legislation.

Risk from changing consumer preferences, disruptions to our supply chains and unsuccessful investment in new technologies were all identified as being moderate to severe risk factors in almost all scenarios and timescales. CGI IT UK Ltd monitors and manages these risk factors by annually engaging our clients through the 'Voice of Our Client' programme; conducting climate-specific risks assessments to assess the severity of climate-related risk to CGI IT UK Ltd's supply chain and ensuring that investment in new technologies is planned carefully and monitored for deployment efficacy.

## Physical risks

Increased frequency and severity of extreme weather events were identified as a key acute physical risk which was highest in the 'Climate Apathy' and 'Enabling Extinction' scenarios. CGI IT UK Ltd has several measures in place to manage risks from severe weather events including Crisis Management procedures, Safety Policies, Emergency Evacuation Plans and Response Plans, Business Continuity Plans and Disaster Recovery Plans. CGI IT UK Ltd is also putting plans in place to monitor the costs associated with extreme weather so that the cost to us may be quantified. We will monitor the impact of more frequent and extreme weather on our supply chain to better understand risk exposure in this area.

The chronic risk from rising sea and river levels are likely to impact some of the UK and Australia office locations. The Corporate Real Estate team consider flood risk in their asset management strategies and due diligence exercises for new acquisitions.



# Measuring and monitoring our progress with metrics and targets

CGI publishes an annual global ESG report in which our GHG emissions, climate and wider and environmental commitments are shared. Globally, CGI has set a goal of becoming net zero for our operations and business travel by 2030. We are committed to measuring and reducing our GHG emissions and have been reporting on energy and GHG emissions since 2014.

For CGI IT UK Ltd, we produce and publish a dedicated annual environment report disclosing scope 1, 2 and 3 GHG emissions and report under Streamlined Energy and Carbon Reporting (SECR). CGI IT UK Ltd has set 1.5°C near-term SBTs verified by the Science-Based Targets Initiative (SBTi).

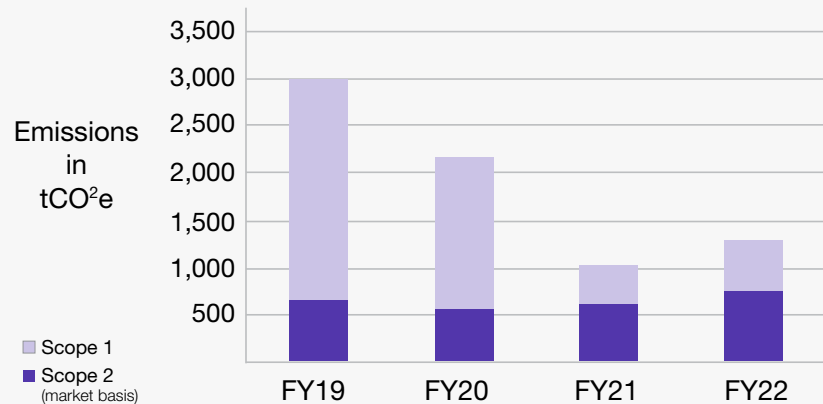
<b>Our CGI IT UK Ltd climate targets</b>	
<b>2026 net zero for our UK operations</b>	Achieve net zero by 2026 for UK scope 1, 2 and 3 (business travel) GHG emissions, in line with our SBTs.
<b>1.5°C emission reduction near-term SBTs</b>	Reduce our absolute GHG emissions in line with our near-term SBTs for our operations (scope 1 and 2) and business travel (scope 3) from a 2019 base year.
<b>SBTs for our suppliers</b>	Work with and ensure 50% of our UK suppliers by spend, covering purchased goods and services and capital goods, will have set SBTs by 2026. Look to set an absolute emission reduction SBT for our supply chain.
<b>100% renewable electricity</b>	Achieve 100% renewable electricity at CGI IT UK Ltd buildings by 2025.
<b>Electric company fleet</b>	Transition UK company fleet to electric and hybrid vehicles by 2025.

## GHG emissions profile

CGI IT UK Ltd follows the GHG Protocol Corporate Accounting and Reporting Standard and the relevant Defra conversion factors for company reporting. We follow the operational control approach in the GHG Protocol to defining scope as specified by the UK Government Procurement Policy Note (PPN) 06/21. We are committed to improving the accuracy of the data sources and calculation method and also recognise that inventory methodologies and standards continue to evolve and may change future GHG reporting processes.

More detail can be found in our annual CGI IT UK Ltd Environment Report.

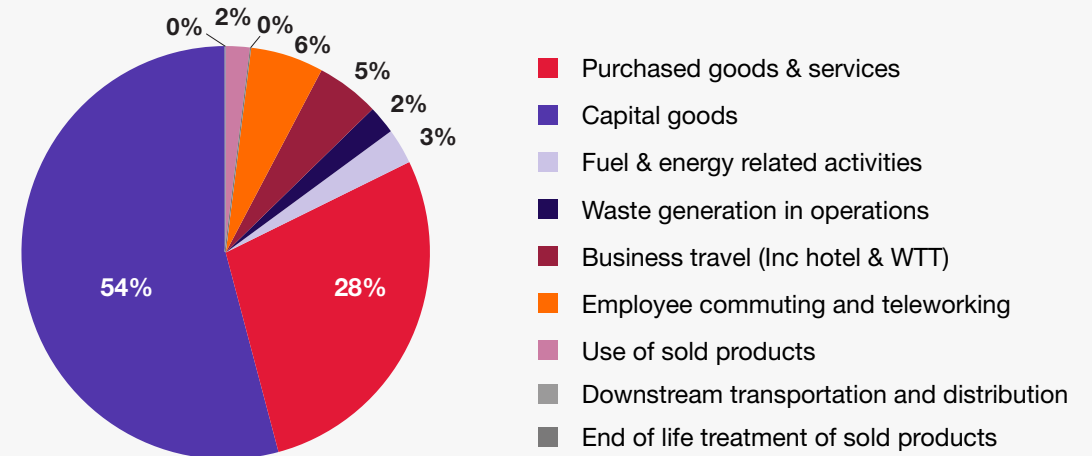
CGI IT UK Ltd assessed Scope 1 and 2 emissions



**Scope 1:** direct emissions from company-owned and controlled resources (e.g. natural gas heating & leased cars)

**Scope 2:** indirect emissions from the generation of purchased energy (to heat/cool buildings)

CGI IT UK Ltd FY22 assessed Scope 3 emissions



**Scope 3:** all other indirect emissions from activities not owned

## About CGI

### Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across 21 industry sectors in 400 locations worldwide, our 91,000 professionals provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

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