2022 Sustainable Investing Report

Progressing a sustainable future through trust and transparency

MACKENZIE
Investments

V1 April 6, 2023

About Mackenzie Investments

Mackenzie Investments ("Mackenzie") is a leading investment management firm with $186.6 billion in assets under management as of December 31, 2022. Founded in 1967, Mackenzie is a global asset manager with offices across Canada and in Boston, Dublin, London, Hong Kong and Beijing. Mackenzie has three global subsidiaries: Mackenzie Investment Corporation ("MIC" or "Mackenzie USA"), Mackenzie Investments Europe Limited ("MIEL" or "Mackenzie Europe") and Mackenzie Investments Asia Limited ("MIAL" or "Mackenzie Asia"). Mackenzie provides investment solutions and related services to more than one million retail and institutional clients through multiple distribution channels. Our 17 distinct investment teams offer expertise across traditional and non-traditional asset classes and cover the spectrum of sustainable investment approaches.

Mackenzie is a part of IGM Financial Inc. (TSX: IGM), one of Canada's premier financial services companies with approximately $249 billion in total assets under management and advisement as of December 31, 2022.

We are committed to delivering competitive, long-term risk-adjusted performance with a pledge to uphold the United Nations-supported Principles for Responsible Investment (PRI).

For more information, visit mackenzieinvestments.com.

About this report

This is Mackenzie's second Sustainable Investing Report. Our goal in this annual disclosure is to showcase Mackenzie's firm-wide approach to addressing environmental, social and governance (ESG) risks and opportunities, and highlight our corporate and investment management sustainability practices. We have adopted the terms "sustainability" and "sustainable investing," but you may also see it referred to as "responsible investing," "ESG investing" or "socially responsible investing."

Unless otherwise noted, the information presented here is as of December 31, 2022, and all dollar amounts are in Canadian currency.

This report complements information in other publications, including the following:

- Mackenzie Green Book 2023 Environmental Outlook
- Mackenzie Investments 2021 Inaugural Sustainable Investing Report
- Mackenzie Investments Sustainable Investing Policy: Creating a more invested world, together
- IGM Financial Sustainability Report 2021
- IGM Financial Annual Report 2022

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Message from the CEO

It is an honour in my first year as CEO to introduce our second annual Sustainable Investing Report.

At Mackenzie Investments, our approach to sustainable investing aligns with our culture and how we run our business. We hold ourselves to the same standard we expect from the companies we invest in. And because we haven't been shy in saying this, we attract people who believe in our purpose – and you can find them across our company and our investment boutiques, applying their skills and passion in different functions.

Our commitment to good governance and sustainable investing led to several significant achievements and public honours in 2022.

In the spring of 2022, we released our inaugural Sustainable Investing Report, and helped to bring education and awareness of our efforts to thousands of financial advisors and investors through virtual and in-person seminars. Our Greenchip team, which is focused on investing in the green economy, managed our top-performing investment fund. IGM Financial, our parent company, was named a Top 100 Employer in Canada. Included with that honour, Mackenzie was ranked among Greater Toronto's Top Employers, which recognizes dynamic and forward-thinking employers within the GTA. Additionally, we partnered with the Ivey Business School to deliver the Women in Asset Management program to encourage more women to pursue a career in our industry.

Our support for this progress drives our demand for greater disclosures and transparent data, which will support even greater interest and growth in sustainable investing.

Progress is also the driver for our climate action plan, which underwent fine-tuning in 2022 – an ongoing evolution that will support the critical incremental changes that add up to a healthier and safer planet for everyone.

We aspire to be a leader in sustainable investing and are focused on always being responsible as we invest money on behalf of our clients and engage with investee companies.

Our goals and plans for 2023 build from our learnings and achievements in 2022. We're proud of what we've accomplished but are even more excited for what lies ahead.

Luke Gould
President and Chief Executive Officer

"We hold ourselves to the same standard we expect from the companies we invest in."

2022 sustainable investing at a glance

Increased transparency and disclosure

Published inaugural Sustainable Investing Report
along with sustainable investment fund reports.

Enhanced regulatory disclosures
for all investment funds that consider ESG factors in their process.

Progressed climate action plan

Released 2030 interim targets, which prioritize 24%
(relative to December 31, 2021) of assets to be managed in line with net zero.

Engaged with and encouraged 100 companies,
contributing to 70% of Mackenzie's equity financed emissions, to disclose and make progress on their climate action plans.

Delivered learning and insights

Facilitated education and insights to over 5,000 attendees at over 50 events
hosted by Mackenzie and our key partners, including an annual sustainable investment portfolio manager event and our Earth Day 2022: Changemaker event.

Launched Mackenzie's Sustainability Uncovered
to bring education and awareness of emerging risks and opportunities to our investment teams. In Q4, we partnered with the Humane Society International to bring awareness to the emerging investment opportunities associated with the plant-based food industry.

Developed firm-wide stewardship expertise and capabilities

Engaged with 369 companies
on 1,042 topics.

Added environmental specialists
to the team to support climate and biodiversity engagements.

Transitioned proxy voting guidelines to
ESG-focused guidelines.

Grew assets in sustainable investment funds

Sustainable investment funds[1] reached $4.8 billion
in assets under management as of December 31, 2022.

1 Sustainable investment funds or sustainable solutions refer to mutual funds, ETFs or offering memorandums that prioritize ESG or sustainability in the investment objective.

An interview with Fate Saghir

SVP, Head of Sustainability, Chair of the Sustainability Steering Committee and the Head of Mackenzie's Sustainability Centre of Excellence discusses Mackenzie's year in review and looks ahead at what 2023 will bring.

Q How does the Mackenzie Sustainability Centre of Excellence (COE) operate?

A The COE is a separate department that has a seat on the Mackenzie Operating Committee. We are a group of experts focused exclusively on sustainability, including research, insights, stewardship and product management. Team members provide a diversity of experience and academic backgrounds in sustainability and work in close partnership with our investment teams as well as our product and marketing teams in promoting sustainable investing.

In many other organizations, similar expertise is often embedded in different parts of the organization's business, which may limit unified accountability for sustainability.

> **"Our journey is to evolve and actualize our meaning of 'sustainability.' And that's what we expect from the companies we invest in."**

Q Looking back at 2022, what are some of the greatest highlights for you and your team?

A We have made so much progress over the last number of years, but there are a few areas that I'm especially proud of.

First, the partnership we have with our two Chief Investment Officers and the level of support and oversight they provide on the sustainability-related practices of their respective investment teams is incredible. It's something that I'm very proud of because it reinforces the notion of our fiduciary duty to consider material non-financial factors in the investment process and safeguards our company.

The second highlight is the executive and employee support for Mackenzie's climate action plan and for the interim targets we set as a signatory to the Net Zero Asset Managers initiative, which I think are both pragmatic and ambitious. We have the full support of the leadership here at Mackenzie and IGM Financial, which is a testament to how our company is run.

Lastly, I'll call out the work led by our newly formed stewardship team, who worked alongside our investment professionals to implement firm-wide stewardship best practices and capabilities. I'm extremely proud of these efforts and feel confident they will generate positive outcomes.

Q In 2022, the issue of greenwashing got several major institutions and brands in hot water. Did that present any challenges to your team?

A Greenwashing is something we are very cognizant of. While we have a comprehensive oversight framework, this has meant that, to the extent possible, we're applying further scrutiny to what we are putting out in the market to accurately reflect our efforts. Our intention is to be transparent with our clients through simple disclosures backed up by practices.

Q What are your team's top goals for 2023?

A Our goal is to continue to make progress across our company and our industry. We want to be a credible, sustainable investor that our clients believe in and trust for solutions as we transition to a more sustainable economy. To get there, we need to provide more transparency about our processes. We also need to provide simple and innovative products that fulfill our obligations to investors and advisors, and ensure we're providing relevant education and content to help them understand the spectrum of sustainable investing approaches available to them.

Our culture

At Mackenzie, our mission is to create a more invested world together – so all stakeholders can be better off and contribute to a positive impact on people and the planet.

Our corporate sustainability efforts

Our approach to being a responsible organization is founded on these four key sustainability categories.

1. We lead with sustainability

Canada's Top 100 Employers

IGM Financial, our parent company, was recognized as one of Canada's Top 100 Employers by Mediacorp Canada Inc. in its 2022 annual rankings of leading workplaces. The honour noted that we strengthened our dedication to employees' well-being; community engagement; diversity, equity and inclusion (DE&I); and environmental initiatives.

Greater Toronto's Top Employers

As part of the Top 100 Employers recognition, Mackenzie was ranked as one of Greater Toronto's Top Employers.

Business Resource Groups (BRGs)

Our BRGs are voluntary, employee-led groups formed around a common interest, identity, bond or background. In 2022, we grew to seven BRGs, each aligning their programs and initiatives to support IGM's DE&I strategy and sustainability business priorities. The seven BRGs are DiverseAbility, Indigenous, Women, 2SLGBTQIA+, Black Advisory Council, Pan-Asian and Green. They are accountable for bringing awareness, education and engagement about their specific focus and are supported by executives across Mackenzie and IGM.

FTSE4Good

Our parent company, IGM Financial, is a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the index measures the performance of companies demonstrating strong ESG practices. The honour recognized IGM Financial's strong corporate performance in the areas of climate change, labour standards, human rights and community, social supply chain, corporate governance, risk management and anti-corruption.

Global 100

IGM Financial, our parent company, was named one of the world's most sustainable organizations in Corporate Knights' 2022 Global 100 Most Sustainable Corporations ranking. This is the fourth consecutive year IGM has earned this honour.

2. We extend sustainability to our communities

The Mackenzie Together Charitable Foundation

The foundation is employee led and employee funded, supports more than 30 charities across Canada and has donated more than $13.4 million to member charities since its inception in 1999. Additionally, more than 1,000 Mackenzie and IGM employees supported the foundation by volunteering nearly 1,000 collective hours for National Volunteer Week and the company's annual Caring Campaign. Employees, together with Mackenzie, contributed more than $825,000 in 2022, a company fundraising record.

Other highlights include:

The launch of the Mackenzie Together Grant, a $500,000, five-year commitment to support financial literacy for women and minorities across Canada.

The donation of more than 1,500 pounds of food and several hundred clothing items to combat food insecurity and help support the re-entry of women into the workforce.

Caring Company certification – 2008 to 2022

Sponsored by Imagine Canada, the Caring Company Program recognizes corporate citizens that are role models in community investment, which includes a minimum 1% investment of pre-tax profits to the communities where their employees live and work.

MACKENZIE Together

CARING COMPANY CERTIFICATION IMAGINE CANADA

North York Harvest Food Bank (NYH)

NORTH YORK HARVEST FOOD BANK

The Mackenzie Together Charitable Foundation has been partnering with NYH since 2003. In 2022, Mackenzie employees volunteered at the food bank, ran food drives and worked in the community gardens to help ensure our neighbours have enough to eat.

We all need a helping hand at some point in our lives, so be to others what you would want them to be to you."

Sosya Bailey-McKenzie
Senior Specialist, Client Solutions
Relationship Manager, Mackenzie Together Charitable Foundation

3. We prioritize sustainability education

Sustainable investing advisor webinars and events

Mackenzie hosted more than 50 webinars, seminars and due diligences on the topic of sustainable investing to over 5,000 advisors and investors, highlighting the opportunities available to investors to participate in the energy transition, ESG-labelled debt, and other investment vehicles and approaches that are critical to achieving a sustainable future.

Celebrating Earth Day with changemakers

Our 2022 Earth Day advisor event featured changemakers that are making meaningful progress in sustainability: environmental activist Erin Brockovich; Dr. Lucas Joppa, former Chief Environmental Officer at Microsoft; and George Serafeim, Professor of Business Administration and author of *Profit and Purpose*. This event highlighted opportunities for everyday citizens, corporations and academics to take small actions and be changemakers toward a more sustainable future. The event was attended by approximately 800 financial advisors.

Employee education opportunities

Overseen by IGM, we offer employees internal education sessions and workshops on a range of topics and issues, including financial literacy, climate change, employee mental health awareness training, return-to-office education, leadership development, inclusive behaviours, the history of Indigenous people and the use of pronouns. Employees also have access to a multitude of online on-demand learning courses, books, audiobooks and videos through our intranet sites.

In 2022, IGM hosted a Net Zero Emissions Day event, which attracted 1,000 employees interested in learning and engaging in discussions about our company's commitment to a net-zero future.

Sustainability Uncovered for Mackenzie investment professionals

Introduced this year, we hosted the following two education sessions for our investment professionals:

- Institute for Sustainable Finance (ISF): Dr. Sean Cleary, Chair of the ISF, delivered insights and data from recent research on the physical costs of climate change to Canada.
- Humane Society International: This external panel on The Future of Protein delivered insights on the unprecedented investment opportunities within the rapidly growing alternative protein industry. These alternatives are comprised of proteins made from plants and through cellular agriculture.

Partnership with the Responsible Investment Association (RIA)

We believe the transition to a more sustainable future will take decades to achieve and will require a collaborative effort across sectors, governments and individuals. As an asset manager, we rely on the collaborative and educational opportunities that the RIA brings to Canadian investors and advisors. As a sustaining member of the association, we were proud to support the following initiatives:

Lead sponsor of the 2021 RIA Advisor Opinion Survey

Insights derived from the study reinforce the much-needed work required to further awareness, understanding and adoption of sustainable investments. The study highlights that sustainable investing continues to be an investor-led shift; 85% of advisors have some comfort level initiating a conversation about responsible investing; and there are ongoing concerns of greenwashing, lack of standards and sacrificing financial returns. At Mackenzie, survey findings help to inform how to best support advisors with their sustainable investing needs.

Sponsored the RIA 2022 Canadian RI Trends Report

The research is focused on the progress that the investment industry has made on the topic of sustainable investing. This year, the report highlighted the maturing industry and the impact Canadian regulation has had on the practice of and representation of sustainable investing.

ESG Product Knowledge Event – Virtual Conference, Fall 2022

More than 400 advisors and planners registered to learn about sustainable investment solutions and practices available to their clients. Presentations by the Mackenzie Greenchip and Fixed Income teams focused on how advisors can capitalize on emerging opportunities associated with the green economy.

RIA

4. We collaborate with our peers on sustainability

Climate Engagement Canada

Mackenzie continues to be a member of Climate Engagement Canada (CEC) to help drive Canada's business transition to climate neutrality alongside other investors and to seek dialogue with corporate issuers in a single unified voice. Mackenzie participated in several CEC engagements with issuers across the Canadian economy and serves as a member of the CEC Industry Leaders Advisory Panel.

$4 trillion

in assets across the industry engaging with 40 Canadian companies.

Climate Action 100+

We continued our participation in the Climate Action 100+ engagements.

Net Zero Asset Managers initiative

Our Net Zero Asset Managers initiative (NZAM) interim targets were approved and released in December 2022. We will report our progress towards our interim targets through our annual Principles for Responsible Investing reporting and our Sustainable Investing Report. Our targets can be found here.

Ceres

In this collective network of asset managers, public pension funds, foundations and others, we collaborate to advance leading investment practices, corporate engagement strategies and policy solutions related to sustainability and net zero.

Diversity, equity and inclusion: Our ongoing journey

At Mackenzie Investments, our Diversity, Equity and Inclusion (DE&I) Strategy aims to drive an inclusive, equitable and consistent experience for employees and clients that supports our business objectives, now and into the future. Our DE&I Centre of Excellence is responsible for the design, development and implementation of our strategy against three key strategic pillars: inclusive workplace, diverse talent, and clients and brand. We take pride in the fact that our practices, policies and approaches are inclusive and engaging to all. To support our progress, all Mackenzie people leaders have DE&I goals as part of their annual incentives and objectives. Here are some highlights of initiatives we supported in 2022.

Attracting talent

Our talent acquisition team continues to embed inclusive approaches into our recruiting practices through the following initiatives:

- Ensuring inclusive language in job postings with the support of Textio.
- Predicting Success interviewer training was launched in 2022 to remove bias from processes and decision-making and focus on skills-based assessments.
- Creating new partnerships (e.g., Ascend Canada) and deepening existing relationships with organizations advocating for equity-deserving communities.

The Ivey School of Business Women in Asset Management program

As a founding sponsor of the Ivey School of Business Women in Asset Management program, we are helping to provide skills and knowledge to spur women's interest in asset management. Additionally, in 2021, we committed to fund a five-year scholarship program for five women candidates working towards a career path in asset management.

Women in Capital Markets (WCM) programs and Return to Bay Street

Select women employees are invited to participate in external leadership development programs overseen by WCM. Programs include WCM Aspire for women with less than five years of experience; WCM Elevate for mid-level career women; and WCM Soar for women with 10+ years of experience.
The Return to Bay Street program facilitates the return to the workforce of experienced women who have previously held mid-level and senior positions in capital markets, have taken time away from their careers in finance, and are now interested in returning.

Our Vice President of DE&I launches action plan

In 2021, Kimberley Messer was appointed the first VP of DE&I for Mackenzie and our parent company, IGM. Her primary responsibilities are to enhance, expand and implement our DE&I strategy. In 2022, her collaborative approach helped our company accelerate our progress.

Kimberley Messer
VP of DE&I

Conscious Economics

HeARTwork

Mackenzie is a Corporate Champion of HeARTwork, a program that supports the full and equal participation of diverse women within the Canadian economy. Using data and research, the program is focused on addressing the emotional, social and economic barriers to women's economic participation, particularly in leadership positions. In 2022, six female Mackenzie employees participated in a one-day solutions summit where participants were tasked to develop 10 meaningful solutions to areas of challenge women face in the workplace.

accelerate her future

Accelerate Her Future

As a corporate partner, Mackenzie supports Accelerate Her Future™ in its mission to provide self-identified Black women, Indigenous women and women of colour (BIWOC) tailored programs to launch their careers in business and STEM (science, technology, engineering and mathematics).

CATALYST

Catalyst and retail distribution sponsorship pilot

In partnership with Catalyst, we piloted a new sponsorship program to accelerate the representation of women in retail distribution. Running from March 2022 through April 2023, identified high-potential women at Mackenzie are paired with senior leaders who will work with them specifically to help advance their careers.

McKinsey & Company

The McKinsey Leadership Accelerator Program

This external program is open to eligible employees who identify as Black or Asian and are high-performing, early- to mid-career managers aspiring to leap into senior leadership. It focuses on enhancing leadership mindsets and behaviours, leading a business strategy, problem-solving for impact and deepening participant understanding of nine functional business topics.

Summer internships

We set a goal for 2025 of hiring a minimum of 50% of our summer internships from one or more of the following diverse groups: women, Indigenous people, racialized people, people living with disability and 2SLGBTQ+ people.

Program spotlight

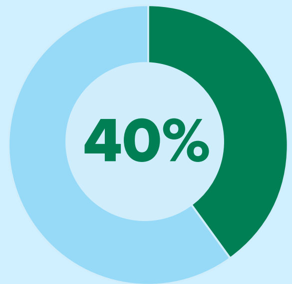
The Black Advisory Council

The Black Advisory Council (BAC) is one of the seven BRGs at IGM. The BAC's vision is for Mackenzie and its parent company, IGM, to be a leading employer of Black talent in the Canadian financial services industry, which would include diverse representation at all levels in each organization. Using the BlackNorth Initiative Racial Equity Playbook, the BAC supports our progress through the following initiatives.

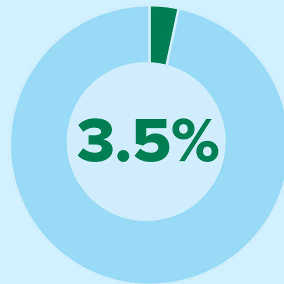
- **Establishing a development path for Black employees:** Twenty Black employees participated in the McKinsey Leadership Accelerator Program for 2022. Mackenzie will use this program to further develop under-represented Black talent in 2023.
- **Partnering with Black-focused organizations:** To identify Black talent for opportunities within our companies, we partnered with organizations such as BlackNorth Connect, the Canadian Association of Urban Financial Professionals (CAUFP), Laurier Black Student Association, Onyx, Accelerate Her Future and the Rotman Black Career Conference to host webinars, career fairs and information sessions.

OUR REPRESENTATION GOALS THROUGH A DE&I LENS

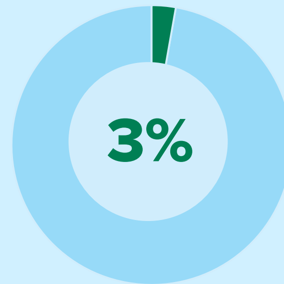
IGM targets by 2025:



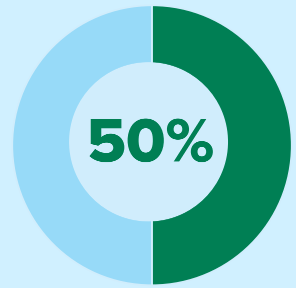
Women in AVP+ roles
Includes a goal of 35% VP+



Black representation in VP+ roles
BlackNorth Pledge

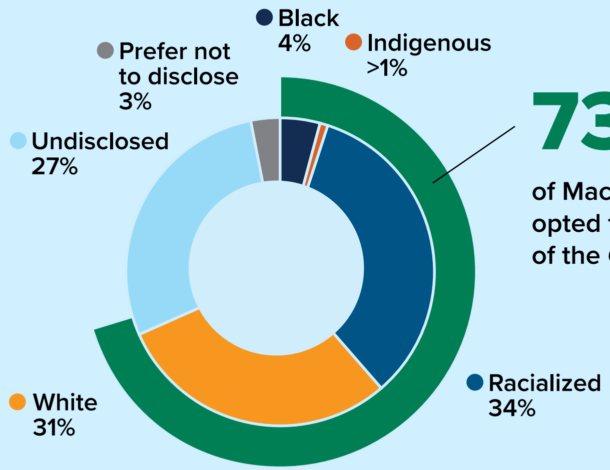


Indigenous representation
Inclusive of total employee population



Equity-deserving communities
For all internships

We're making progress on our commitments:



73%

of Mackenzie employees opted to self-identify as part of the *Count me in!* program

50%

of Mackenzie employees are women

7 BRGs

(up from 4 in 2021)

Sustainable investing approach

At Mackenzie, our investment teams include pioneers with decades of experience in sustainable investing, putting us in a better position to measure a business's financials alongside its sustainability potential. We believe that companies with responsible business practices and products and services built to excel in a sustainable future are more likely to deliver competitive, long-term, risk-adjusted returns for our clients.

Our Sustainable Investing Framework

Our framework guides how we categorize our funds and ETFs, and serves as a tool for advisors and investors in identifying their sustainable investing priorities.

TYPE OF INVESTING

TRADITIONAL INVESTMENT FUNDS

Only consider financial factors in investment decision with no consideration to non-financial factors

ESG-INTEGRATED INVESTMENT FUNDS

Investment strategy

Consider ESG factors as part of the investment process to mitigate risk

SUSTAINABLE INVESTMENT FUNDS

Investment objective

SUSTAINABLE CORE

Invest in industries, companies or issuers with progressive ESG practices, relative to their peers, expected to enhance long-term returns

SUSTAINABLE THEMATIC

Targets specific ESG macro-trends or themes that are expected to generate competitive returns

SUSTAINABLE IMPACT

Outcomes focused on ESG challenges or opportunities take priority over financial return

Level of environmental and social impact → **Maximize positive impact**

APPROACHES USED

- **Stewardship (such as ESG-focused shareholder engagement)** — ESG-integrated, Sustainable core, Sustainable thematic, Sustainable impact
- **ESG integration (systematic consideration of material ESG factors)** — ESG-integrated, Sustainable core, Sustainable thematic, Sustainable impact
- **Strategy-specific screens or exclusions (negative or norms-based)** — Sustainable core, Sustainable thematic, Sustainable impact
- **Positive tilting or best-in-class (better relative to peers)** — Sustainable core, Sustainable thematic, Sustainable impact
- **Thematic focus (i.e., macro-trend, SDGs, climate, etc.)** — Sustainable thematic, Sustainable impact
- **Impact focused (ESG outcomes)** — Sustainable impact

Sustainable core and Sustainable thematic funds

We offer a range of solutions to retail investors.

SUSTAINABLE CORE

SUSTAINABLE THEMATIC

AVAILABLE TO RETAIL INVESTORS

NEW Mackenzie Corporate Knights Global 100 Index Fund and ETF*
- Mackenzie Betterworld Canadian Equity Fund
- Mackenzie Betterworld Global Equity Fund
- Mackenzie Global Sustainable Balanced Fund
- Mackenzie Global Sustainable Bond Fund and ETF

- Mackenzie Greenchip Global Environmental All Cap Fund
- Mackenzie Greenchip Global Environmental Balanced Fund
- Mackenzie Global Green Bond Fund
- Mackenzie Global Women's Leadership Fund and ETF

Exclusions

Mackenzie-branded sustainable investment solutions exclude companies with involvement in some controversial weapons, adult entertainment or pornography, gambling, tobacco or private prisons.[1] We also exclude companies involved in anti-personnel land mines and cluster munitions from all our actively managed funds. To learn more about our exclusions, see our Sustainable Investing Policy.

1 We have 10% revenue thresholds on gambling, tobacco and adult entertainment.

* ETF available starting on or about April 18, 2023 and Fund available starting on or about April 20, 2023.

Sustainability Centre of Excellence

Dedicated experts supporting Mackenzie's journey

Our Centre of Excellence (COE) is a separate team within Mackenzie that delivers firm-wide sustainability or ESG support and helps increase capabilities across the organization. These efforts range from developing sustainable investment products to offering centralized ESG research and expertise to aligning our stewardship efforts and bringing transparency related to the firm's activities to investors and advisors. This group works side by side with the investment teams to support their ESG integration and stewardship practices and efforts. Among its many activities, the team has played a significant leadership role in advancing Mackenzie's climate strategy and climate-related stewardship and advocacy.

Sustainability is led by dedicated sustainable investing experts who work in partnership with Mackenzie's investment teams to enable multiple initiatives.

ESG SPECIALISTS, RESEARCH, INSIGHTS

Sustainability Centre of Excellence

- Sustainability-related policies
- Product development
- ESG risk scoring
- Stewardship and proxy voting
- Thought leadership and advocacy
- ESG integration
- Materiality framework
- Sustainable investing strategy
- Reporting and disclosure

+

MACKENZIE INVESTMENT TEAMS

Firm-wide practices: Mackenzie Investments' boutiques implement the Sustainable Investing Policy

- Cundill
- Ivy
- North American Equities
- European & International Equities
- Global Equity and Income
- Fixed Income
- Resources
- Multi-Asset Strategies
- Global Quantitative Equity
- Asian Equities
- Portfolio Solutions
- Real Property
- Bluewater
- Growth
- GLC

Sustainable solutions: Pioneering sustainable investing capabilities and practices

- Greenchip (sustainable investment philosophy)
- Betterworld (sustainable investment philosophy)
- Fixed Income (select strategies)
- Multi-Asset Strategies (select strategies)
- Global Quantitative Equity (select strategies)

Our principles

The following set of principles guide our sustainable investing decisions.

Creating value

We strive to create value for our clients by achieving compelling long-term risk-adjusted returns across a diversified investment shelf.

Integrating material ESG factors

Our investment boutiques[1] integrate material factors to risk and return. This includes ESG factors, and we believe that these factors present financial risks and opportunities.

Engaging companies and issuers

As long-term investors and stewards of capital, we believe in company and debt issuer engagement, proxy voting to promote good governance, and management of material ESG issues. We prefer constructive engagement over divestment.

Aligning values

We offer sustainable core and thematic solutions that aim to generate returns and meet the demands of clients who want to align their investments to their values.

Prioritizing advocacy

By aligning our internal and external advocacy efforts, we can make a greater impact on building a more sustainable future. We prioritize the themes of governance, climate change and diversity.

1 Although each investment boutique has developed its own process to apply the Sustainable Investing Policy, some funds do not integrate ESG factors or apply fund-level shareholder engagement into their process. Please refer to the applicable prospectus for further details.

Approximately 95% of our assets consider material non-financial or ESG factors in their investment process.

95%

Sustainable investing oversight

Mackenzie's boutique structure is led by two chief investment officers: Lesley Marks leads our fundamental equity boutiques, and Steve Locke oversees the Fixed Income, Quantitative and Multi-Asset boutiques. Our two CIOs oversee sustainable investing practices and progress across the investment teams.

A look back at 2022 – and a look ahead – with Lesley Marks, CIO, Equities, and Steve Locke, CIO, Fixed Income and Multi-Asset Strategies.

Q What were some of the major successes for your teams in 2022 for sustainable investing?

A Response from Steve:
When we characterize success, one of the things we look at is a year-to-year progression of our efforts in integrating ESG research into our investment processes, which has been ongoing for years here at Mackenzie. We want to continue to see advances there.

From there, we're engaging with issuers and companies about a range of topics, such as disclosures of key performance indicators (KPIs) on performance against ESG goals, to even broader awareness within their operating environments as to how they're impacting ESG risk in their business.

One of the areas we've seen the greatest advancement this past year is continuing to build on our impact through activities where we are engaging with portfolio managers and analysts at investee companies seeking to continue to have dialogue around engagement leading to impact.

A Response from Lesley:
I would say broadening our presence in the sustainability space through growing our assets under management in sustainable investing across all of our sustainable investment strategies. For example, a significant milestone this year was our Greenchip boutique reaching $2.5 billion in assets under management. That means we're investing that much money into the environmental economy on behalf of our clients, and the impact we can make with that type of investment is material.

With respect to engagement activities, I would call out the increase in activity with companies at a one-on-one level within each of our investment teams while also supporting a Mackenzie-wide engagement strategy that we, as a firm, specifically wanted to prioritize. So, working in collaboration at a bottom-up individual-company level, but also from a top-down bigger-picture level around areas of focus like climate change and diversity.

"Our ultimate goal is always to have leading risk-adjusted investment returns for our strategies."

Lesley Marks, CIO, Equities

Q What are your top priorities and goals for 2023?

A Response from Lesley:
Our ultimate goal is always to have leading risk-adjusted investment returns for our strategies. And building our internal capabilities for ESG research is one significant way that we help to address the risk piece of risk-adjusted investment returns.

For our teams that have historically been thought of as solely focused on the environmental economy and ESG initiatives – like Greenchip and Betterworld, respectively – it's easy to turn to them as the solution to the energy transition, for example. Aspirationally, we want all of our boutiques to continue to deepen their knowledge around investing towards ensuring a sustainable future for future generations.

A Response from Steve:
While we've progressed in understanding ESG risks and how we can engage and have the biggest impact with the investments we're making, this is an evolving space. So, I look at the next three to five years as a chance for us to continue to be a leader by advancing the initiatives that lead to better reporting by companies; more engagement on issues with companies; and demonstrating our understanding of ESG risks and how that contributes to our risk-adjusted returns within our investment portfolios. We strive not only to produce great risk adjusted returns but also to be able to attribute them back to our goals.

We think about the transition to a greener economy and the Sustainable Development Goals. I expect that we will be among the leading asset managers over the next three to five years in providing financing within Canada to fund transition in many industries. We expect to see that in the context of both the percentage of sustainable debt holdings within our portfolios and the quality and impact we're having with those investments. This is the path that we are on now and those are my aspirational priorities and goals for our Multi-Asset and Fixed Income teams.

"I expect that we will be among the leading asset managers over the next three to five years in providing financing within Canada to fund transition in many industries."

Steve Locke, CIO, Fixed Income and Multi-Asset Strategies

Delivering on our sustainable investing goals

At Mackenzie, our goal is to simplify sustainable investing for our clients. We are transparent about our efforts with the companies we invest in while offering solutions focusing on the causes that interest our clients. As active investors, we prioritize constructive engagement over divestment to maximize our impact.

Our sustainable investing goals

Our strategic goals, priorities and enablers are helping us advance our mission and create value for our clients and all our stakeholders.

In 2022, we continued developing our capabilities.

	Advance our corporate and investment sustainability practices	Allocate to sustainable investment solutions	Align our collective stewardship efforts	Advocate for impact, transparency and disclosure	Action for climate
STRATEGIC GOALS	Advance our corporate and investment sustainability practices	Allocate to sustainable investment solutions	Align our collective stewardship efforts	Advocate for impact, transparency and disclosure	Action for climate
2022 PRIORITIES	• **Launched** boutique and fund-level reporting to support CIO's sustainability oversight • **Implemented** sustainability or ESG-related prospectus disclosures across 95% of our assets • **Advanced** quarterly oversight of sustainable investment funds with relevant investment team	• **Supported** institutional clients with custom fund and ETF launches • **Completed** over 50 retail and institutional fund-related events to over 5,000 investors and advisors • **Delivered** fund impact reports for key sustainable investment funds	• **Launched** an internal stewardship team that completed 50+ climate-focused engagements • **Implemented** Glass Lewis ESG proxy voting guidelines • **Launched** first phase of engagement tracking platform on CRM	• **Completed** engagements and consultations with policy-makers and standard setters • **Sponsored** sustainability-related research and events (RIA advisor opinion survey, RIA trends report, Clean50 R&D category) • **Enhanced** our client reporting capabilities with a new partnership with MSCI	• **Completed** implementation and analysis of climate risk data, prioritizing top 100 companies • **Launched** collaborative four-step climate action plan with focus on Canadian engagement and innovations • **Launched** Canada's Next Sustainable Changemaker, presented by Mackenzie • **Completed** and approved net-zero interim targets

ENABLERS

- Sustainability Centre of Excellence provided expertise, tools and standards; team members promoted a sustainability mindset
- Collaboration and knowledge-sharing across our investment teams; boutique structure was respected with shared perspectives encouraged
- Active oversight from executives across Mackenzie and IGM; Operating Committee members collectively support a sustainable future
- Corporate-wide employee engagement through BRGs and other forums; employees were encouraged to participate in advancing sustainability efforts

Mackenzie Fixed Income team

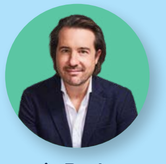
Team offers

ESG-integrated:
Majority of strategies consider material ESG risks in their investment process

Sustainable core:
Mackenzie Global Sustainable Bond Fund and ETF

Sustainable thematic:
Mackenzie Global Green Bond Fund

TEAM CONTRIBUTORS



Konstantin Boehmer, MBA
SVP, Co-Lead of Fixed Income Team, Head of Global Macro, Portfolio Manager

Erica Roa
Senior Investment Analyst

Jon Ennis, MBA, CFA
VP, Head of Investment Research

In today's evolving markets, the Mackenzie Fixed Income team believes the approach to fixed income investing shouldn't be fixed – flexibility can offer advantages over traditional fixed income investing.

Our team's flexible approach combines traditional and non-traditional strategies, including a proprietary ESG integration process which gives our investors the potential to create environmental and social impact while maintaining an attractive risk-adjusted return profile.

Our number one impact objective can be defined by our efforts to provide climate solutions and aid in a just transition for all. Green bonds, for example, provide a clear link to climate action and are an essential financing tool for the energy transition. To assess the quality of these bonds, the team developed a Green Bond Impact scoring framework. This framework helps mitigate the risks of greenwashing while optimizing labelled debt investments to support the highest quality, or "Greenest," bonds.

Another essential financing tool is Sustainability Linked Bonds (SLBs). These bonds have a clear connection to climate action, linking corporate ESG targets to financing affordability and directly incentivizing initiative from issuers.

Additionally, as fixed income managers, the team can have an impact through our active ownership efforts. In 2022, the team expanded its engagement program and sent "Dear CFO" letters directly to company executives, encouraging the issuance of green bonds and SLBs. The team sent 24 letters for our top green and SLBs reverse ideas and encouraged the issuance of more than $1.0 billion in sustainable debt. The team received 12 responses and set up 10 meetings with management to discuss sustainability principles and align the interests of issuers, investors and asset managers.

"We track not only how issuers intend to allocate their proceeds, but the tangible impact that is generated as a result. Our Green Bond Impact Scores take into consideration a fundamental analysis of the issuer's reporting quality as well as a quantitative analysis of metrics such as emissions avoidance to holistically assess the quality of each green bond within our portfolios."

Erica Roa, Senior Investment Analyst

Determining Green Bond Impact Score

The Mackenzie Fixed Income team's Green Bond Impact Score is composed of two key pillars: assessing the project categories and reporting the quality of issuers. The former considers the sector of impact (carbon, water, waste and land use) and provides a quality score based on both the team's views and any outstanding project certifications (Climate Bond Certificate). The latter focuses on the reporting of sector-determined material metrics to assess environmental impacts and funds allocated on a project-level basis.

The Fixed Income team supported

Canada's inaugural

7.5-year,

$5 billion

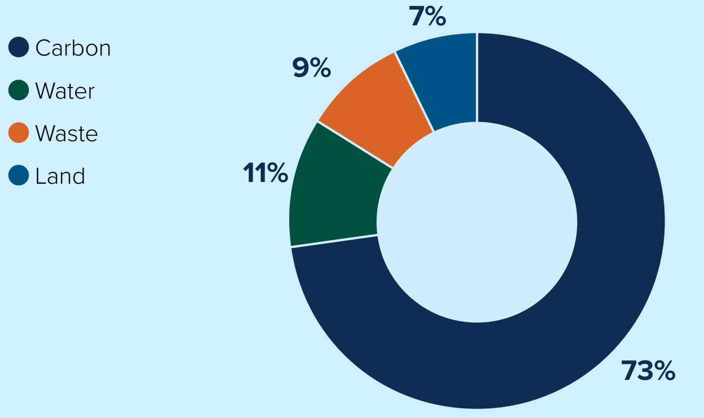
green bond,

launched in March 2022. This was a key milestone in support of Canada's transition to a

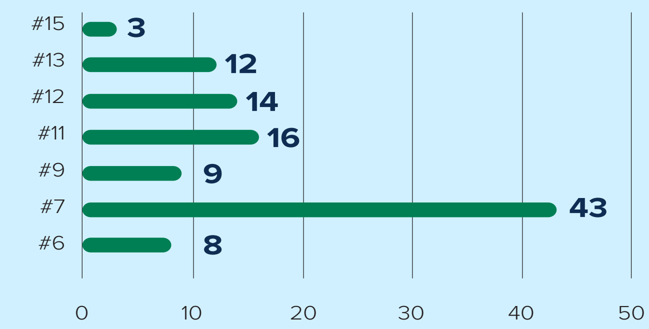
net-zero future.

Summary of 2022 green bond impact assessments completed

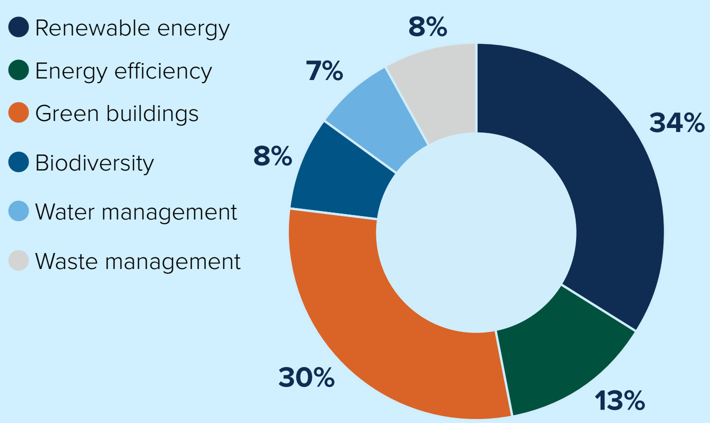
CATEGORY FUNDED BY BONDS



SDG FUNDED BY BONDS



PROJECT TYPE FUNDED BY BONDS



REPORTING ADEQUACY OF ISSUERS

EXAMPLE OF GREEN BOND IMPACT SCORE ASSESSMENT PERFORMED BY THE MACKENZIE FIXED INCOME TEAM

FORTIS GREEN BOND

The high contribution of the bond to Fortis' decarbonization efforts earned it an A grade and a strong buy decision.

Green bond

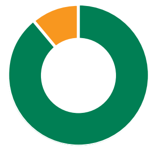
Ticker: FTSCN 2.54

Green bond – Framework

Eligible green projects: Renewable energy generation, energy efficiency and management, pollution prevention and control, clean transportation

Relevant UN SDGs

PROJECT TYPE



89% renewable energy
11% energy efficiency

ENERGY TYPE

100% renewable natural gas

PROJECT IMPACT OVERVIEW

- ✔ Able to link impact to specific green bond
- ✔ Detailed description of funded projects
- ✔ Impact calculation methodology is evident and clear
- ✔ Allocation reporting is good
- ✔ Adherence to SDGs is clear

USE OF PROCEEDS AND IMPACT: GREEN BONDS

GICS*	Location	Project type	Category
Energy	Canada	Renewable energy	Carbon
Energy	Canada	Energy efficiency	Carbon
Energy	Canada	Renewable energy	Carbon

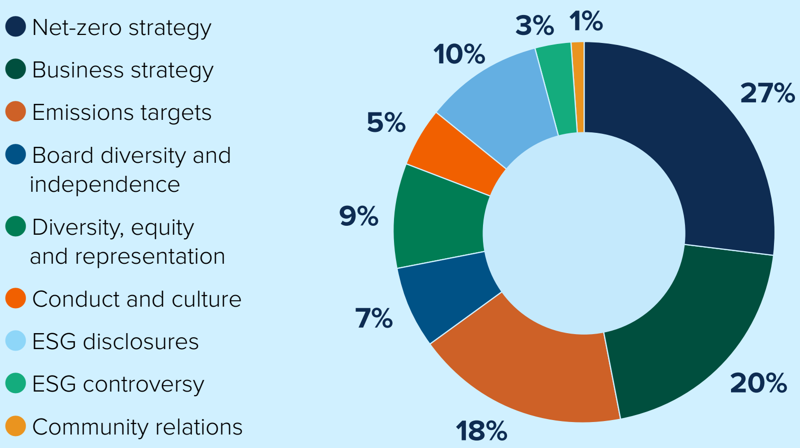
Amount of proceeds	Indicator #1	Indicator #2
4%	762 tCO_2e avoided annually	353,735 GJ renewable energy generation
89%	140,111 tCO_2e avoided annually	N/A
7%	27,341 tCO_2e avoided annually	1,835 tonnes reduction of NOx and SOx

* Global Industry Classification Standard

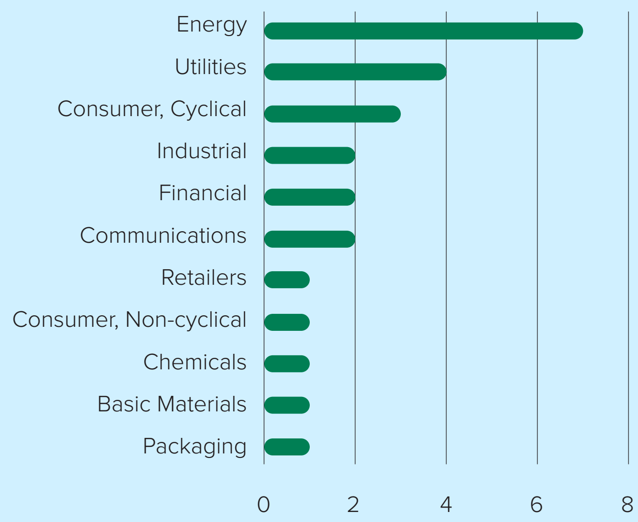
Fixed Income team engagements for 2022

Leveraging meaningful interactions to enact material change

OVERALL ENGAGEMENTS BY TOPIC



PROGRAMMATIC ENGAGEMENTS: ESG-LABELLED DEBT REVERSE INQUIRIES (DEAR CFO LETTERS)



Dear CFO letter to Capital Power Corporation

“Mackenzie became a signatory to the Net Zero Asset Managers initiative in 2021, committing to support the goal of net zero GHG emissions by 2050, in line with global efforts to limit warming to 1.5°C. Part of that commitment is to work in partnership with investee companies such as yourselves on your decarbonisation goals and strategic plans to reduce GHG emissions in the real economy.”

Jon Ennis, VP, Investment Research

Source: Mackenzie Fixed Income team; engagements ranged from inquiries on ESG matters to requesting company action on specific issues.

CASE STUDY

THE RHINO BOND

The Fixed Income team participated as co-lead investors in the Wildlife Conservation Bond (WCB), sometimes referred to as the Rhino Bond. The five-year US$150 million bond, due March 2027, includes a potential performance payment funded by the Global Environment Facility (GEF). It is a landmark investment – the first of its kind linking developments in the biodiversity and stewardship space to the returns of impact-oriented investors – and was highlighted at the COP 15 summit in Montreal.

The WCB will contribute to protecting and increasing black rhino populations in the Addo Elephant National Park (AENP) and the Great Fish River Nature Reserve (GFRNR) – two protected areas in South Africa – while providing environmental and social benefits to the local communities.

The bond contains a financing mechanism that incentivizes investors proportionately to the project's success through a partnership with an international climate financing organization, the Global Environment Facility. After substantial research, engagement and collaboration, the Fixed Income team was thrilled to pursue such innovative financing initiatives and seeks to continue collaborating with issuers in 2023 to deliver impact-focused investments.

Relevant UN SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

15 LIFE ON LAND

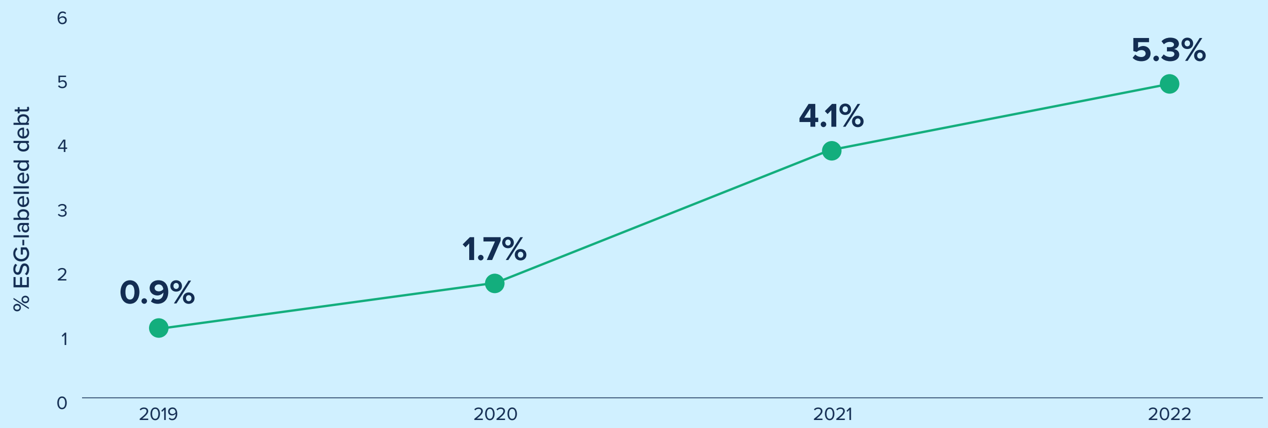
"The inaugural Wildlife Conservation Bond is a significant step in the continued development of targeted impact-forward investments, and Mackenzie is proud to have played a role in its launch. Initiatives such as this allow us to provide Canadians with even more opportunities to better align their investing with their values and to do good while doing well."

Konstantin Boehmer, SVP, Co-Lead of Fixed Income Team, Head of Global Macro, Portfolio Manager

Summary of ESG-labelled bonds

The Fixed Income team continues to increase its allocation to ESG-labelled or use of proceed debt.

% ESG-LABELLED DEBT (INCREASED ALLOCATION OF ESG-LABELLED DEBT BY OVER $300 MILLION)



ESG-LABELLED DEBT (MILLIONS)

	2019	2020	2021	2022
Green bonds	$ 292	$ 709	$ 1,630	$ 1,994
Sustainable bonds	60	118	421	450
Social bonds	26	0	85	77
Transition bonds	0	0	12	12
Sustainability-linked bonds/loans	0	9	364	314
Total ESG-labelled debt	**$ 378**	**$ 836**	**$ 2,512**	**$ 2,847**
ESG-labelled debt as % of Fixed Income AUM	**0.9%**	**1.7%**	**4.1%**	**5.3%**

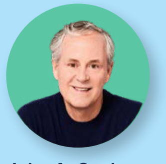
Mackenzie Greenchip team

Team offers

Sustainable thematic:

Mackenzie Greenchip Global Environmental All Cap Fund and ETF, Mackenzie Greenchip Global Environmental Balanced Fund and ETF

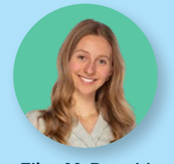
TEAM CONTRIBUTORS



John A. Cook, CIM
SVP, Portfolio Manager and Investor Engagement, Team Co-Lead

Gregory Payne, PhD, CFA
SVP, Portfolio Manager, Team Co-Lead

Jonathan Prestwich
Investment Analyst



Elise McDonald
Investment Analyst

At Mackenzie Greenchip, we exclusively focus on companies whose revenues are generated by selling environmentally focused products and services.

The trifecta behind our investment thesis – demographic changes, resource scarcity and environmental degradation – all hit key milestones in 2022. By year end, the global population surpassed eight billion people; several key resource inputs, including oil, reached historic price levels; and according to the UN, global CO_2 emissions surpassed 37.5 billion tons, the highest ever recorded. The value of climate solutions, specifically the businesses we invest in, has never been greater.

Despite significant geopolitical instability and related macroeconomic uncertainties, our investing approach held steady throughout the year. Absolute and relative investment performance suggests that our value approach in this growth space continues to work. We reached $2.5 billion in assets under management by year end. And no matter what 2023 brings, we remain confident that this is where capital needs to go.

Investing in environmental innovation

We continued to favour solar over wind through 2022 for several reasons. Generally, solar output is more predictable than wind; the equipment is easier and quicker to install; and the equipment costs, as a percentage of overall development, are much lower than for wind.

Fertilizers remain necessary to feed the world's growing population and are a critical component of our allocations within sustainable agriculture. We invested in OCI Global, a Netherlands-based fertilizer company that produces a variety of nitrogen fertilizers to increase crop yields and is committed to developing innovative sustainable products such as green ammonia, and making manufacturing processes more efficient.

The steel and metals industries are some of the highest emitting industries in the world. One of the best ways to decarbonize steel is by using scrap steel in electric arc furnaces (EAFs) with electricity. This results in, on average, one-fifth the emissions of a traditional blast furnace. One of our investments in this area, Sims Limited, operates recycling scrap collection yards globally where they collect, source and process scrap metal materials into ferrous and non-ferrous metals. Ferrous materials are sent to EAF operators to produce new steel from recycled material, and non-ferrous materials are used in applications such as recycled aluminum.

THE GREENCHIP GLOBAL ENVIRONMENTAL ALL CAP FUND CONTRIBUTION FOR 2022*

Consistent with its investment objective, our flagship strategy continued to deliver more impact than the benchmark across sustainable and environmental business involvement. This means that investors and advisors can rest assured that their money is being allocated to companies in support of the environmental economy relative to the benchmark.

	Greenchip	Benchmark (Solactive)
Sustainable impact solution involvement[1]	68.64%	12.37%
Environmental impact solutions involvement[2]	64.66%	4.66%

* As of September 30, 2022 and sourced from MSCI ESG Manager.

Benchmark: Solactive GBS Dev Mkts Lrg & Mid Cap

1 The percentage of the fund's market values exposed to companies that generate revenue from sustainable impact solutions goods and services. Additionally, sustainable impact solutions revenue from companies with negative externalities are excluded. Negative externalities refer to ESG controversies with a score of 2 or below, ESG ratings of CCC and B (as rated by MSCI), direct involvement in predatory lending, involvement in controversial weapons, more than 5% revenue from conventional firearms and more than 10% revenue from alcohol or tobacco production. The MSCI ESG Controversies Score falls on a 0-10 scale, with "0" being the most severe controversy. Anything 2 or lower is considered "severe" or "very severe."

2 The percentage of the fund's market values exposed to companies that generate revenue from environmental impact goods and services. Additionally, environmental impact revenue from companies with negative externalities are excluded. Negative externalities refer to ESG controversies with a score of 2 or below, ESG ratings of CCC and B (as rated by MSCI), direct involvement in predatory lending, involvement in controversial weapons, more than 5% revenue from controversial weapons or firearms, and more than 10% revenue from alcohol or tobacco production. The MSCI ESG Controversies Score falls on a 0–10 scale, with "0" being the most severe controversy. Anything 2 or lower is considered "severe" or "very severe."

THE MACKENZIE GREENCHIP GLOBAL ENVIRONMENTAL ALL CAP FUND SDG CONTRIBUTION*

The flagship strategy contributes positively to the environmentally focused SDGs, with sustainable cities and communities contributing more than 300% above the benchmark.

UN Sustainable Development Goal		Greenchip	Benchmark (Solactive)	Alignment relative to benchmark
SDG 11	Sustainable Cities and Communities	13%	3%	367%
SDG 09	Industry, Innovation and Infrastructure	26%	10%	170%
SDG 06	Clean Water and Sanitation	27%	14%	95%
SDG 12	Responsible Consumption and Production	29%	22%	33%
SDG 08	Decent Work and Economic Growth	40%	34%	17%

* As of December 31, 2022 and sourced from MSCI ESG Manager.

Benchmark: Solactive GBS Dev Mkts Lrg & Mid Cap

The majority of companies in the fund have committed to Science Based Targets initiative (SBTi), meaning that companies are in the process of decarbonizing their operations while producing products and services needed for the environmental economy.

SBTi*

76% vs 51%

- Mackenzie Greenchip Global Environmental All Cap Fund
- Benchmark: Solactive GBS Dev Mkts Lrg & Mid Cap

* Percentage of companies committed to SBTi

CASE STUDY
EFFICIENT AND NECESSARY DEPLOYMENT OF CAPITAL

In 2022, we invested in OCI Global (Netherlands), a global producer and distributor of hydrogen products providing fertilizers, fuels and feedstock to agricultural, transportation and industrial customers around the world. Fertilizers remain necessary to feed the world's growing population and are a critical component of our allocations within sustainable agriculture.

Without fertilizers, crop yields would decline, and significant amounts of forest land would need to be converted to farmland to maintain our current level of food production. And with decreases in food exports from Russia, Belarus and Ukraine, it is critical for farms in other parts of the world to maintain or even increase their yields, with fertilizers playing a key role.

OCI is committed to sustainable practices and is developing products to help cut the resource intensity of its operations and manufacture more environmentally friendly processes. Natural gas is the biggest input cost of its fertilizer production, and the company has been able to take advantage of lower-cost natural gas through its global network of manufacturing operations. The company is improving efficiency in their existing plants and is aiming to reduce the amount of natural gas per ton of output. Additionally, they are developing plans to produce green ammonia using green hydrogen as the energy input instead of natural gas.

Elevated prices of nitrogen fertilizers in 2022 resulted in large profits and cash flows for many fertilizer companies, including OCI. We believe prices will remain structurally higher for longer than the market anticipates, resulting in under-appreciated higher cash flows.

Mackenzie Betterworld team

Team offers

Sustainable core:
Mackenzie Betterworld Global Equity Fund, Mackenzie Betterworld Canadian Equity Fund

TEAM CONTRIBUTOR

Andrew Simpson, CFA
SVP, Portfolio Manager, Team Lead

The Mackenzie Betterworld team invests in companies that positively impact people and the planet. Our Canadian and global strategies combine proprietary and rigorous ESG analysis with fundamental, bottom-up stock selection, so investors can align their investments with their sustainability values while earning competitive returns.

Our commitment to advocacy ensures that we're proactively engaging with the companies in our portfolios to identify risks and opportunities that can advance sustainability across their operations. We work closely with the Mackenzie Sustainability COE to support our investment process.

Despite turbulent markets in 2022, the Mackenzie Betterworld team maintained its conviction that sustainable investment strategies will continue to add value over a market cycle. The war in Ukraine has heightened energy affordability concerns and a review of national energy security strategies that incorporate climate risk. The Mackenzie Betterworld team allocates capital to address these ongoing concerns.

What differentiates Mackenzie Betterworld? It is a focus on owning companies that demonstrate a positive impact on people and the planet with operations that contribute towards the United Nations Sustainable Development Goals. The team demonstrates a commitment to managing climate risk with portfolios that display favourable carbon intensity levels relative to their benchmarks. The team continues to advocate for equality across gender and ethnicity, reflecting the belief that diversity brings better decision-making.

In 2022, the Mackenzie Betterworld team engaged with 97 companies across approximately 400 interactions. We're pleased to highlight examples of positive outcomes from our engagements.

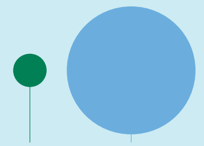
The Mackenzie Betterworld team leads with ESG analysis to identify companies better aligned to a sustainable future. ESG is not a bolt-on process. It is a continuous priority that drives portfolio construction.”

Andrew Simpson, SVP, Portfolio Manager, Team Lead

Sustainability-related characteristics of the Betterworld funds

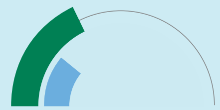
The Mackenzie Betterworld Canadian Equity Fund strives to offer clients better sustainability outcomes relative to its benchmark, with significantly lower carbon intensity, meaning the fund has less exposure to climate transition risk.

WACI*



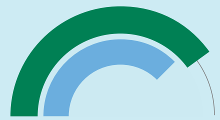
124 vs 327

SBTi**



36% vs 22%

WOMEN ON BOARDS



80% vs 75%

● Mackenzie Betterworld Canadian Equity Fund
● Benchmark: S&P/TSX Composite

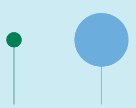
* Weighted Average Carbon Intensity (tCO_2e/US$M)
** Percentage of companies committed to SBTi

SEVERE CONTROVERSIES 0% vs 0%

Alignment to top three SDGs compared to benchmark

The Mackenzie Betterworld Global Equity Fund strives to offer clients better sustainability outcomes relative to its benchmark, with a higher percentage of companies committed to SBTi, meaning companies in the fund are managing their climate risks.

WACI*



41 vs 139

SBTi**

60% vs 51%

WOMEN ON BOARDS

68% vs 64%

● Mackenzie Betterworld Global Equity Fund
● Benchmark: Solactive GBS Dev Mkts Lrg & Mid Cap

* Weighted Average Carbon Intensity (tCO_2e/US$M)
** Percentage of companies committed to SBTi

SEVERE CONTROVERSIES 0% vs 1%

Alignment to top three SDGs compared to benchmark

FIVE ENGAGEMENT PRIORITIES FOR BETTERWORLD

- Gender diversity
- Racial diversity
- Feeding the future
- Human rights in the supply chain
- Climate action

CASE STUDY

IMPROVING CLIMATE DISCLOSURE

Cargojet provides time-sensitive air-cargo services with a network of routes to major cities across North America, including an overnight service between major cities across Canada. Notable customers include Amazon, UPS, DHL and Canada Post. In our engagements with company management, we have encouraged them to disclose their carbon emissions, establish reductions targets that are science based and tie climate emissions to executive compensation.

We were pleased to receive notification from Cargojet in Q4 2022 crediting the Betterworld team for our encouragement and advising us that they were well underway in implementing our recommendations. Cargojet is committed to the Science Based Targets initiative and have 24 months to complete the certification process (which will make them Paris Agreement-aligned to limit global warming to no more than 1.5°C). The company also disclosed its CO_2 emissions through the Carbon Disclosure Project (CDP), and the board is considering ESG metrics tied to executive compensation.

Mackenzie Bluewater team

Team offers

ESG-integrated:

All strategies integrate material ESG factors, including the newly launched Mackenzie Bluewater Next Gen Growth Fund

TEAM CONTRIBUTORS

Shah Khan, MBA, CFA
VP, Portfolio Manager

Dave Taylor, CFA
VP, Portfolio Manager

Tyler Hewlett, CFA
VP, Portfolio Manager

At Mackenzie Bluewater, we take a broad-based, macroeconomic view of the global economy to identify long-term risks and opportunities. This has led to forward-thinking outlooks on topics including replacing fossil fuels with alternative energy, paving the way towards identifying future investment opportunities and avoiding areas with structural risk.

One area where we refined our processes in 2022 is in managing climate risk. In many ways, it has always been integrated into our process as we consider secular changes such as the green transition and the risks and opportunities it brings. But with more standardized ESG data and better reporting by companies, we can look at emissions data from third-party sources to fully understand the carbon footprint of any business.

Our team takes two approaches: First is a top-down approach, where we look for secular changes in the economy, like the green transition, and consider risks and opportunities.

Second is our bottom-up approach, where we analyze our portfolio holdings and their carbon footprint and emissions. We identify top emitters in our portfolio and engage with these companies to ensure a credible plan is in place to meet their climate-related targets.

In our view, the energy transition will be the key investment theme for this decade. It should drive growth in revenues, earnings and cash flows, which would be expected to drive outperformance in specific industries and companies. Industries tied to electric vehicles, or electrification more broadly, should see outsized growth this decade.

Additionally, in 2022, we launched the Mackenzie Bluewater Next Gen Growth Fund, which seeks companies that will use innovation to create a long-term competitive advantage in growth.

Sustainability-related characteristics of the Mackenzie Bluewater Next Gen Growth Fund

WACI* | SBTi** | WOMEN ON BOARDS

28 vs 139 | **60%** vs 51% | **67%** vs 64%

SEVERE CONTROVERSIES: **0%** vs 1%

● Mackenzie Bluewater Next Gen Growth Fund
● Benchmark: Solactive GBS Dev Mkts Lrg & Mid Cap

* Weighted Average Carbon Intensity (tCO_2e/US$M)
** Percentage of companies committed to SBTi

CASE STUDY

PRIORITIZING FINANCIALS AND SUSTAINABILITY

Fundamental research helped us determine significant areas of potential financial improvement in ON Semiconductor's (onsemi) operations.

The U.S.-based company has earned a world-renowned reputation for intelligent semiconductor design and stands to benefit significantly from the transition to vehicle electrification and industrial automation over the next decade. Its current technological focus on a competitively superior semiconductor design could lead to considerable revenue and margin expansion.

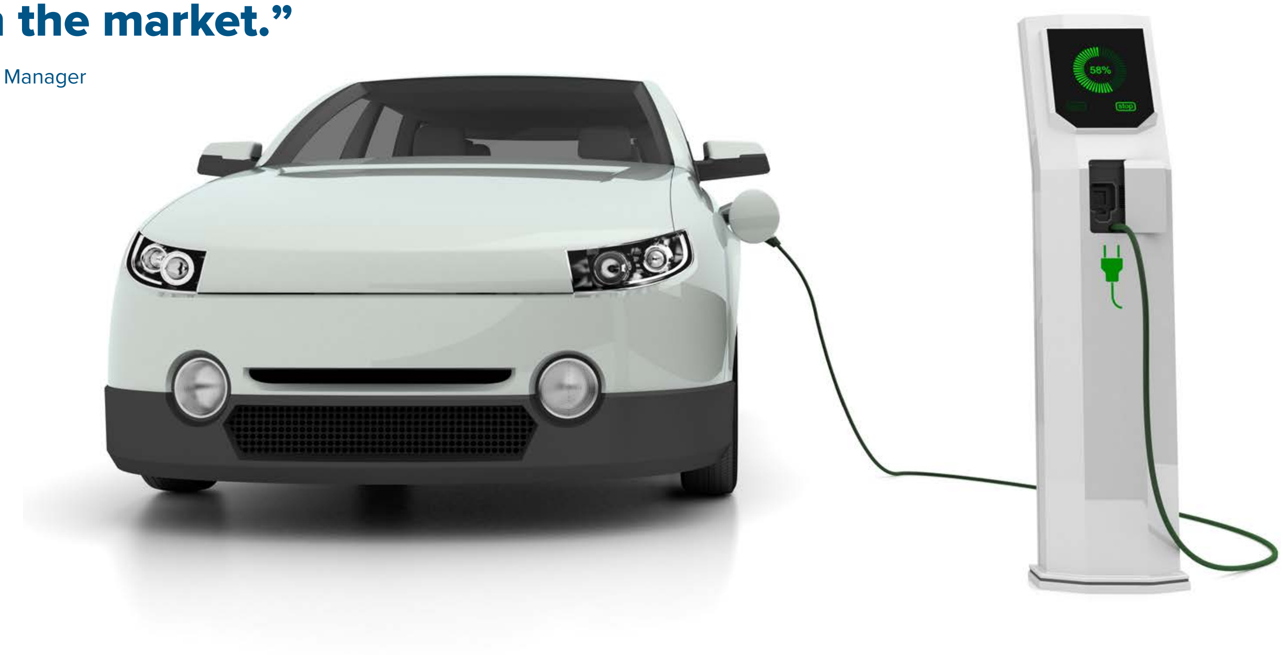
Although onsemi is well regarded for its high ESG standards – recently recognized as one of the World's Most Ethical Companies for the seventh consecutive year by Ethisphere®* – the Bluewater team felt that, after careful review, there is also considerable scope for financial improvement at the company.

The new management team is transitioning to a capital-light model and focusing on areas where onsemi has clear competitive advantages. This new strategy has already resulted in stepped-up profit margins and much stronger free cash flow, and we believe there remains scope for even further improvement over time.

* Ethisphere® is a global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. The World's Most Ethical Companies assessment includes more than 200 questions on culture, environmental and social practices, ethics and compliance activities, governance, diversity and initiatives to support a strong value chain.

Our focus is on identifying companies that can grow free cash flow sustainably at above-average rates across a cycle. In our view, material ESG factors can impact both a company's financial performance and its valuation in the market."

Tyler Hewlett, VP, Portfolio Manager



Mackenzie Multi-Asset Strategies team

Team offers

ESG-integrated:
Majority of strategies integrate material ESG factors

TEAM CONTRIBUTORS

Nelson Arruda, MFin, MSc, CFA
SVP, Portfolio Manager, Head of Team

Lawrence (Larry) Llaguno, MBA, MSc, CFA, CAIA
VP, Portfolio Manager

The Multi-Asset Strategies team manages portfolios that combine multiple traditional and alternative asset classes and strategies with multi-disciplinary expertise to meet the investment goals of our portfolios.

We use a Total Portfolio Approach, which focuses on understanding both the opportunity for strong investment returns as well as the risks of our investments and how those risks interact with other investments within a portfolio.

Material ESG factors are integrated into our processes and portfolios in several ways to best manage our exposure. This includes both individual holding levels and an aggregated top-level portfolio view of ESG factors.

One example of ESG integration and research is in our active equity strategies. We are continually looking for new insights and data sets to explore for signals that can predict risk and return. Currently, our portfolio construction process includes measures of climate and other ESG factors, as well as tracking the direction companies' ESG risks are heading.

We believe systematic processes are important for successful integration and in 2022 we enhanced our integration of several ESG factors in our investment process which span the funds our team manages.

Many of the solutions we manage contain hundreds of holdings spanning equity and fixed income through underlying mutual funds, ETFs and other instruments. To manage this effectively, one of our focuses in 2022 was to enhance our ability to aggregate ESG factors to the fund level to have a holistic view of the fund's profile as well as adding additional metrics, such as the UN Sustainable Development Goals (SDGs) and science-based targets data.

In 2022, we continued to formalize and document our ESG integration framework. This involved significant portfolio construction research in understanding applicable ranges for our exposures to meaningful metrics, including carbon intensity, ESG risk scores and trends in ESG scores.

Through our work with the Sustainability COE, our team has been involved with the onboarding and analysis of numerous data sets intended for use in Mackenzie's proprietary ESG framework. This work is a rich source of data and insights for our ESG research pipeline.

"Over the course of 2022, the Multi-Asset Strategies team has been contributing to the Mackenzie ESG Insights project to develop a proprietary ESG framework for all the investment teams. Members of our team serve on the core project team as well as the Steering Committee. We are leveraging our quantitative expertise and extensive experience building systematic signals to guide the data science aspects of this project. A significant focus has been on how we can transform and combine the numerous ESG variables into a clear and sensible proprietary score."

Larry Llaguno, VP, Portfolio Manager

Mackenzie North American Equities team

Team offers

ESG-integrated:
Majority of strategies integrate material ESG factors

TEAM CONTRIBUTORS

William Aldridge, MBA, CFA
SVP, Portfolio Manager, Team Co-Lead

Dean Highmoor
AVP, Investment Research

The North American Equities team is focused on investing in stocks of quality companies at prices below our assessment of intrinsic value. A key part of our investment process is to invest in companies with an attractive expected return relative to the risks.

Our analysis includes the consideration of ESG factors. Our ESG integration process consists of three parts: identification of ESG risks, engagement, and analysis and investment recommendation.

Our focus in 2022 has been on engaging with the energy sector, which is a leading contributor of greenhouse gas (GHG) emissions and its related effects on climate change. This exposes the sector to increasing government regulation, declining fossil fuel demand and assets stranding at extremely low values – all of which have the potential to impact the fair value of the energy companies within our portfolios.

We engage with company management teams and, if possible, their boards of directors to understand significant ESG risks and what steps, if any, are being made to mitigate those risks. In addition, these meetings provide an opportunity to advocate for actions that we believe will improve the company's performance and/or reduce potential risks.

Once we have identified and assessed material ESG risks, our next step is to incorporate our conclusions into our recommendation and fair value for the company. Material ESG risks are just one of many factors that we consider when assessing a potential investment. We may recommend a company with poor ESG performance if we believe there is a compelling margin of safety to our valuation and a path to resolve the material ESG risks. An improving ESG risk profile may lead investors to award a company a higher valuation.

"We invest in companies that understand the fundamental importance of managing all stakeholders. Maintaining social licence and continually strengthening stakeholder relations are key elements that can define a company's success."

William Aldridge, SVP, Portfolio Manager, Team Co-Lead

CASE STUDY

SUPPORTING THE NET-ZERO JOURNEY

The North American Equities team engaged with Canadian Natural Resources Limited (Canada), which is one of the largest independent energy producers in the world. Founded in 1989, it operates crude oil and natural gas assets across Western Canada, including the Alberta oil sands, as well as offshore operations in Africa and the UK's North Sea.

Recently the company pledged to achieve net-zero emissions from its oil sands operations by 2050. As part of this effort, the company formed the Pathways Alliance in 2021, alongside five of the largest Canadian oil sands producers, with the aim of achieving net zero across the Alliance's collective oil sands operations by 2050.

In our discussions with Canadian Natural in 2022, we learned that the Alliance set a new target to reduce oil sands annual GHG emissions collectively by 22 million tonnes by 2030 and that they're developing carbon-capture technology and efficiency improvements to track this internally. We encouraged management to set a GHG emission goal that would target absolute reductions portfolio-wide, beyond the company's oil sands operations.

A few months later, Canadian Natural Resources Limited President and CEO Tim McKay announced Canadian Natural's first absolute GHG emissions target across Scope 1 and 2 to reduce overall GHG emissions by 40% from 2020 levels by 2035. We continue our ongoing dialogue with management to encourage additional disclosures regarding the company's alignment with the federal government targets for this sector as well as the pace of the build-out for the first phase of the Pathways Alliance project.

Mackenzie Global Quantitative Equity team

Team offers

ESG-integrated:
Majority of strategies consider material ESG risks in their investment process

TEAM CONTRIBUTORS

Arup Datta, MBA, CFA
SVP, Head of Team

Haijie Chen, PhD, CFA
VP, Portfolio Manager

The Global Quantitative Equity team practices a core style of investing that employs fundamental ideas in a disciplined, risk-aware manner to generate alpha (i.e., excess returns relative to a benchmark index). This process is conducted through a proprietary predictive stock-selection model developed by the team.

The team systematically incorporates a 5% to 12% weight in ESG factors in the model, believing that it enables exposure to companies with stronger ESG characteristics – and companies focused on sustainability typically possess favourable quality characteristics. We work closely with the Mackenzie Sustainability COE to keep up to date with the growing ESG data landscape and to comply with sustainability requirements from clients.

Despite 2022 being a turbulent year, our ESG integration model remained resilient across most major investment areas, including energy and technology. However, disclosure and quality data collection remain challenging, particularly in emerging markets. But investor and government focus has led to a noticeable improvement over the last few years – a positive trend we see growing in the years ahead.

In 2023 we plan to further evolve our analysis processes, ESG integration and our stock-selecting model, as well as partner with new third-party data vendors to deliver even greater performance for our clients.

THE GLOBAL QUANTITATIVE EQUITY TEAM FOLLOWS A THREE-STEP PROCESS FOR INTEGRATING ESG INTO ITS HIGHLY DISCIPLINED STOCK SELECTION PROCESS

1. Factor identification

ESG materiality differs from industry to industry, so the team collects industry-specific ESG data from third-party sources such as S&P, Trucost and Bloomberg. The team prefers these data vendors – as opposed to ESG rating providers – as they provide both breadth of global coverage and granularity of data per company.

2. Identifying alpha

During the research process, the team back tests ESG factors considered fundamentally significant for each industry. ESG factors identified to provide enhanced alpha – based on historical back tested data – are integrated into the stock selection process.

3. Systematic integration

Based on the conclusions from the back tested data, the team systematically integrates these alpha-enhancing ESG factors into its stock selection process. This approach leads to gaining exposure to companies with stronger ESG characteristics relative to industry peers.

Impax Asset Management LLC

Sub-advises

Sustainable thematic:
Mackenzie Global Women's Leadership Fund and ETF

TEAM CONTRIBUTORS

Christine Cappabianca, MSC
VP, Portfolio Manager

At Mackenzie, we pride ourselves on finding pioneers to manage the sustainable investment funds that we deliver to Canadian advisors and investors. When we were looking for a team to manage our gender-based strategy, Impax Asset Management LLC was at the top of our list. They are a specialist asset manager, investing in the opportunities arising from the transition to a more sustainable global economy, with expertise in gender-lens investing, bringing this strategy to the US market in 2006.

Impax developed the Mackenzie Global Women's Leadership Fund based on research that companies with higher levels of gender diversity produce better outcomes that may include superior financial results and stronger corporate governance in the long run.

Their approach to selecting gender leaders for the fund emphasizes companies with consistent representation of women in leadership roles and that seek to benefit from the gender diversity advantage throughout their operations.

In 2022 they released a compilation of groundbreaking research, *The Business Case for Diversity: 2022 Update*. Put together by Julie Gorte, SVP, Sustainable Investing and Portfolio Manager at Impax, the report presented several findings that confirm the social and economic argument for diversity. These include:

- Diversity brings demonstrable value to business, investors and society.
- Profit margins of firms that rank in the top third of diversity measures are approximately 20% higher in the succeeding year than firms in the bottom third.
- Higher-diversity firms tend to have positive correlations between gender board/management diversity and return of assets (ROA), return of equity (ROE), and both gross and net profit margins.

We believe investors who take advantage of the updated research will be better equipped to find strong, resilient investments.

COMPANIES IN MACKENZIE GLOBAL WOMEN'S LEADERSHIP FUND VS BENCHMARK

Gender criteria	Fund		MSCI World	
	2021	2022	2021	2022
% of women in management	35%	38%	24%	25%
% of women on board	42%	43%	32%	33%
Additional gender statistics	**Fund: % of holdings**		**MSCI World: % of holdings**	
	2021	**2022**	**2021**	**2022**
Three or more women on their boards of directors	97%	97%	60%	70%
Three or more women in senior management	75%	80%	39%	46%
Women CEOs or CFOs	39%	41%	17%	20%

CASE STUDY

SUPPORT OF TRANSPARENCY

In May 2022, Impax met with representatives from the Walt Disney Company for an update on its human capital and equity, diversity and inclusion efforts at the company since our last engagement call in 2021.

The engagement was held after the annual meeting, which saw a pay gap reporting shareholder proposal win majority shareholder support. (This was also the topic of an Impax-sponsored shareholder proposal in 2020, which Impax withdrew after the company committed to publishing equal employment opportunity data and assigning accountability for workplace equity.)

The meeting provided an opportunity to gain insight into employee engagement, the company's approach to returning to the office post-COVID, and the complexities of managing a large, diverse workforce. Impax provided feedback on new disclosures over the last year and considerations for future disclosures.

In September 2022, Disney published its adjusted pay data by race and gender for the first time. Its analysis showed that women are paid nearly identically to men, and Asian, Black and Hispanic workers are all paid nearly the same as Caucasian workers. The company also committed to additional disclosure over time, including with respect to unadjusted pay data.

Stewardship and good governance

Leading through an active engagement and ownership approach

As stewards of capital, we strive to operate responsibly and encourage the companies we invest in to do the same. We believe that stewardship and good governance require both a firm-wide and a portfolio-level focus to be most effective.

Our efforts are focused on company-level material risks (such as insufficient board oversight, lack of diversity policies or cyber-security breaches) and systemic risks (such as biodiversity loss, climate change risk and supply chain risks). Regular interactions with companies that are held in Mackenzie funds ensure that we are sharing our perspectives and expectations with companies. Active ownership is an opportunity for us to voice the risks and opportunities we would like companies to address.

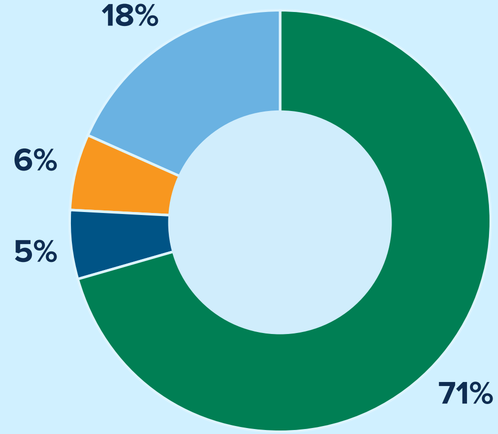
Our approach to stewardship includes the following:

- **Company-specific engagements –** Engaging with companies on material risks that are specific to a company or portfolio, generally completed within an investment boutique.
- **Programmatic engagements –** Engaging with companies to address a systemic risk or opportunity, generally coordinated as a firm-wide initiative. In 2022, we complemented our firm-wide engagements with stewardship partner Federated Hermes Equity Ownership Services (EOS).
- **Collaborative engagements –** Engaging alongside other investors to address systemic risks, which currently include Climate Engagement Canada and Climate Action 100+.
- **Proxy voting –** At the annual general meetings of the companies that are held within Mackenzie funds, we vote on a number of topics including board election, re-election of the auditor, and other management and shareholder proposals. We generally vote in line with the Glass Lewis ESG Guidelines except where they differ from Mackenzie's own published guidelines.

MACKENZIE DIRECT ENGAGEMENTS

In 2022, we engaged with a total of 369 companies around the world on 1,042 topics across the following themes:

Environmental	737
Social	54
Governance	60
Strategy, risk and communication	191



NUMBER OF ENGAGEMENTS BY SUB-CATEGORY*

	Total
Business strategy	74
GHG emissions	234
ESG controversy	25
ESG disclosures	83
Net-zero strategy	247
Emissions targets	203
Executive remuneration	19

* We are only showing the most-discussed engagement topics. Sub-categories will not add up to total number of engagement topics discussed across the firm.

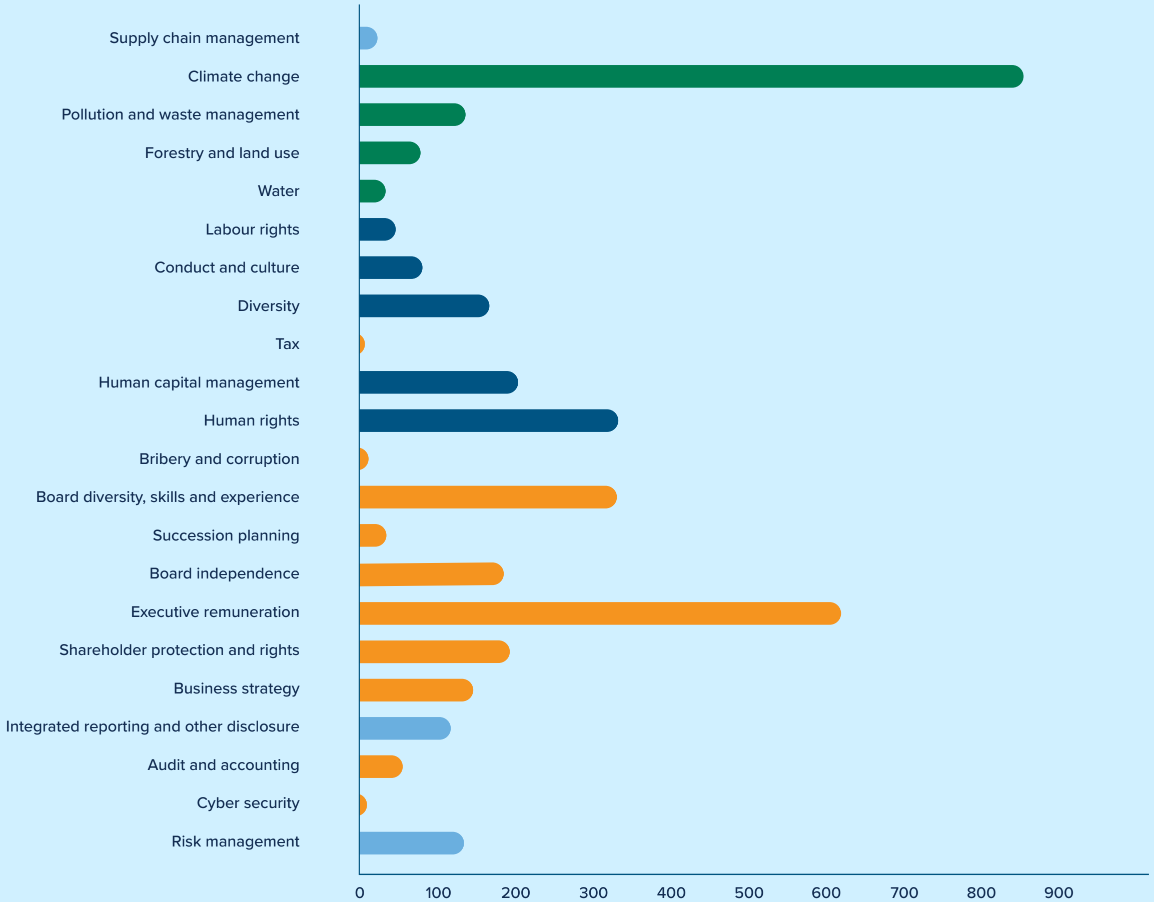
NUMBER OF UNIQUE COMPANIES ENGAGED PER REGION

	Total
Africa	2
Asia	31
Australia and New Zealand	5
Canada	132
Europe and UK	94
South America	10
United States	95

ENGAGEMENTS COMPLETED BY OUR PARTNER

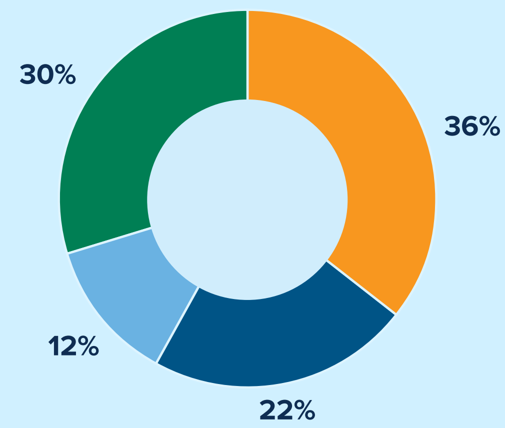
We supplement our internal engagement by partnering with a leading stewardship service provider, Federated Hermes EOS. This extends our reach and influence and enhances our market insights. In 2022, Hermes engaged on our behalf with 974 companies on more than 3,800 topics. These engagement topics are grouped into the following themes:

SUB-THEMES: NUMBER OF ENGAGEMENTS



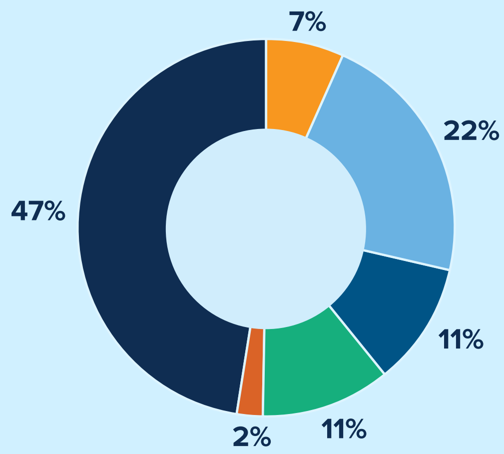
ENGAGEMENTS BY THEME

Environmental	1,130
Social and ethical	855
Governance	1,368
Strategy, risk and communication	467



ENGAGEMENTS BY REGION

United Kingdom	264
Europe	836
Emerging and developing markets	403
Developed Asia	418
Australia and New Zealand	93
North America	1,806



Data as of February 17, 2023

Firm-wide proxy voting

Proxy voting is an important component of active ownership and good governance. Consistent with our fiduciary responsibilities, we vote proxies in the best interests of investors, taking into consideration material ESG risks. We conduct our own analysis, which means, at times, we do not vote in accordance with management recommendations. Our proxy voting record for mutual funds and ETFs is available on our website.

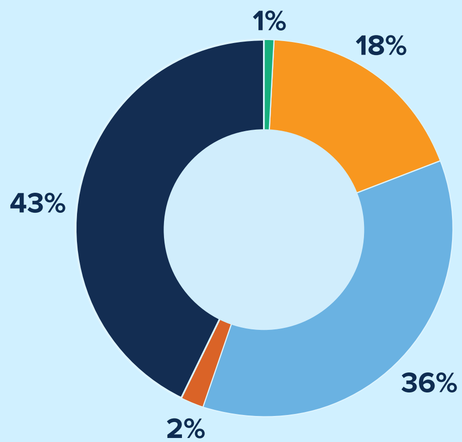
2022 PROXY VOTING ACROSS MACKENZIE

Total meetings voted	Total proxy items voted	Votes with mgmt*	Votes against mgmt*	% of votes with mgmt*	% of votes against mgmt*
5,679	358,437	307,677	50,760	86%	14%

* mgmt = management

2022 TOTAL PROXIES VOTED BY REGION

Africa	56
Europe	1,046
Asia Pacific	2,018
South America	141
North America	2,418



2022 PROXY VOTES ON SHAREHOLDER PROPOSALS BY TOPIC

Topic	Total proposals voted	% in favour
Compensation	945	26.30%
Social	6,547	40.90%
Environmental	3,073	49.10%
Governance	5,564	29.60%
Miscellaneous	688	61.90%

Climate action: Investing in a prosperous path towards net zero

The move towards a more sustainable way of doing business coincides with how the global economy firmly addresses and adapts to the climate crisis.

At Mackenzie, we believe that physical and transitional risks have the potential to present negative consequences to the value we can deliver to our clients, with a broader impact on other stakeholders.

At the same time, the climate crisis presents opportunities for companies or issuers actively evolving their business models and creating innovative solutions.

Our work in progress

As a signatory to the Net Zero Asset Managers initiative, we believe engagement, stewardship and taking proactive tangible action will help us achieve our climate action goals and support our partners in their climate protection efforts. In 2022, we committed to engaging with companies to ensure they manage their business in line with a net-zero pathway and set an interim target for our committed assets of $40 billion, which is 24% of total assets under management, to be managed in line with net zero by 2030, with 50% having validated science-based targets from SBTi.

Below is a list of initiatives we launched and supported in 2022:

- As a founding member of Climate Engagement Canada – and as part of our stewardship responsibilities – we stepped up our engagements with the 100 companies contributing to the majority of our financed emissions across our equity portfolios. In 2022, we met with 55 companies and plan to meet with more in 2023.
- We continued to strengthen partnerships through several internal initiatives, including hosting climate education sessions to discuss the latest stewardship and engagement best practices and topics such as trends in disclosure and transparency.
- Mackenzie Greenchip, which focuses exclusively on environmental sectors, reached $2.5 billion in assets under management in 2022. During the year, the Greenchip team invested or maintained investments in several sustainable companies and sectors, including energy efficiency technologies, wind and solar power, steel and metal recycling, waste management and sustainable agriculture.
- Our Fixed Income team increased its allocations to green-labelled debt to $1,994 billion assets under management.
- We increased our support of Canadian innovation and raised awareness for the capital needed to fund the transition to a low-carbon economy through strategic partnerships and working with organizations such as Elevate.

The Clean50 research and development (R&D) award

The Clean50 awards recognize and connect forward-thinking leaders from industry, government, academia and ENGOs from every part of Canada, bringing them together to foster a community that shares best practices and finds opportunities for cross-sector cooperation and innovation. Mackenzie sponsored the R&D award to support Canadian innovation to a net-zero future.

Moving forward in 2023

We will continue to grow our climate action efforts in 2023 – and evolve them as we acquire new knowledge and adapt to the constant changes in our world. New initiatives and sustainable investment opportunities include the following:

- The launch of the Mackenzie Corporate Knights Global 100 Index Fund and ETF. Both solutions will provide investors additional opportunities to participate in sustainable investing.
- Mackenzie, in partnership with Elevate, launched Canada's Next Sustainable Changemaker innovation challenge. This six-week challenge is an opportunity for 10 sustainability-focused startups to earn a $25,000 grant to develop technology that can help Canada achieve its net-zero emissions goals.

In 2023, we will continue to execute on our climate action plan with a focus on the Canadian perspective.

Collaborating across our industry to set Canadian standards	• Continue engaging through Climate Engagement Canada • Report on our commitment to Net Zero Asset Managers initiative • Engage with Canadian standard-setters
Managing portfolio risks and opportunities to achieve better client outcomes	• Advance our data capabilities to develop environmental insights on portfolio companies • Continue supporting the integration of climate risks into investment process
Engaging with Canadian corporations to ensure they're prepared for the transition	• Continue advancing engagements with top 100 companies contributing to financed emissions • Provide support to investment teams to engage with outcomes • Ensure voting outcomes are aligned to addressing climate risks
Investing to directly support the transition to a low-carbon economy	• Grow assets in our Greenchip and Betterworld mandates • Increase allocation to green-labelled debt • Promote Canadian innovations and changemakers through Elevate, Alberta Innovates and Corporate Knights

Supplementary Report

Sustainability practices of Mackenzie Europe

This supplementary report focuses on the sustainability and stewardship activities of Mackenzie Investments Europe Limited ("MIEL" or "Mackenzie Europe").

EU Shareholder Rights Directive II (SRD II) compliance

The Mackenzie Europe team maintains an active dialogue with investee companies on material themes from a financial and sustainability perspective. Engagements are a means to influence corporate behaviour and positive change.

In accordance with the requirements of the EU SRD II, Mackenzie Europe is required to disclose an engagement policy on a comply-or-explain basis. The engagement policy is described in the Mackenzie Sustainable Investing Policy. Consistent with Mackenzie's boutique structure, each investment team is required to systematically integrate material ESG risks using approaches that align with the CFA Institute ESG Integration Framework. This framework provides detailed guidelines that can be applied at various stages throughout the investment process.

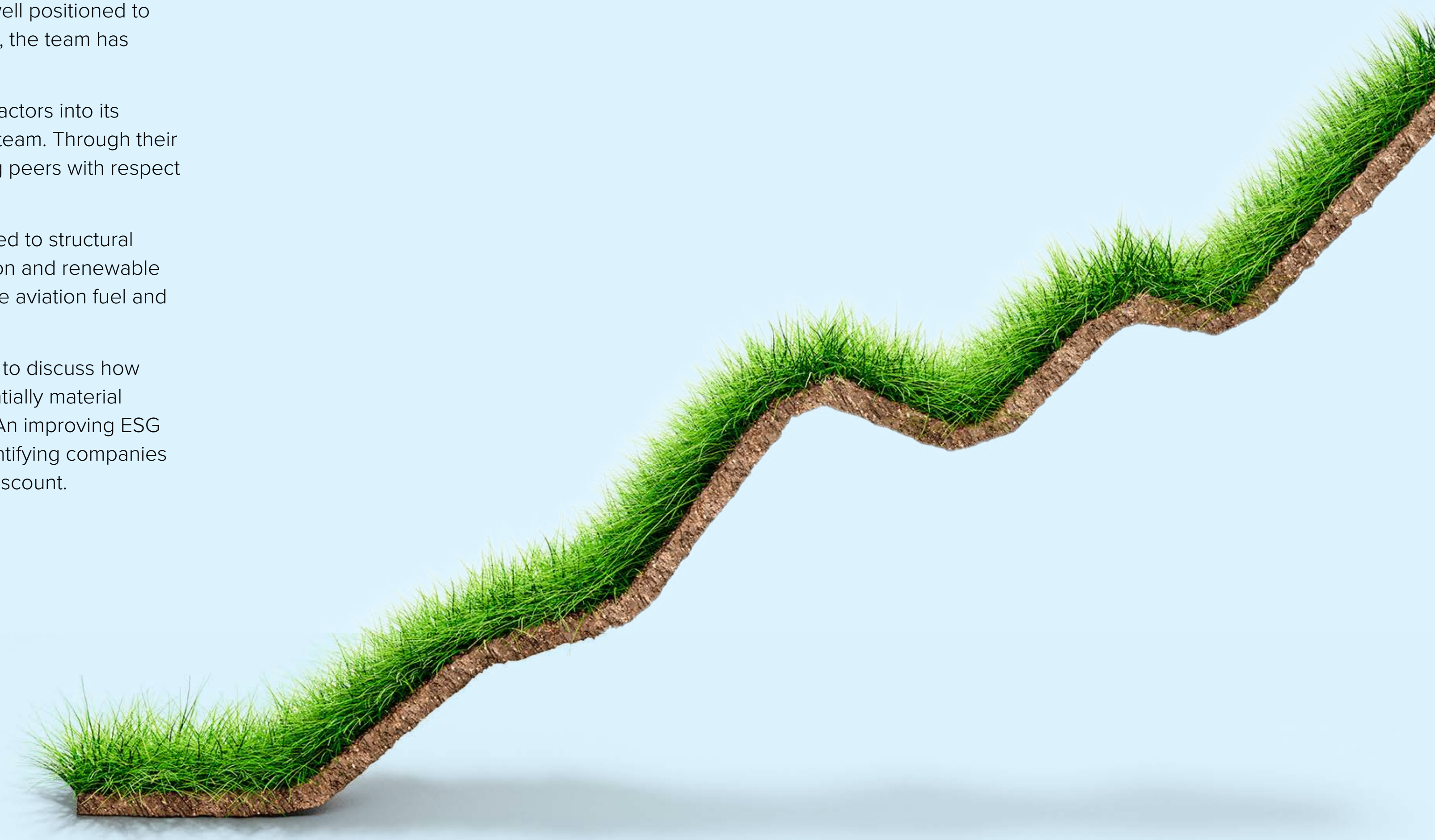
Mackenzie Europe

The Mackenzie Europe team invests in companies they have determined to have a sustainable competitive advantage in attractive markets. This translates into companies well positioned to generate superior long-term, risk-adjusted returns. To enable ESG integration, the team has developed an in-house framework for assessing investments.

In 2022 Mackenzie Europe continued to integrate environmental and social factors into its investment process, where governance has always been a key focus for the team. Through their risk-based approach, the team identifies companies that are underperforming peers with respect to ESG metrics or where policies and disclosures fail to meet best practices.

Over the past year, the team identified several investment opportunities related to structural themes they will continue to follow in 2023. Among these are energy transition and renewable energy, plastic substitution and recycling, electrification, insulation, sustainable aviation fuel and waste management.

As part of its engagement process, the team regularly meets with companies to discuss how they can improve their ratings and overall ESG standing. They evaluate potentially material issues and assess the company's progress since the previous engagement. An improving ESG trajectory helps support the investment case. Engagement also assists in identifying companies that may have material or deteriorating ESG issues that the market may not discount.



Stewardship in action: Progress through engagement

CASE STUDY

UNIPHAR PLC (IRELAND)

Uniphar provides outsourced and specialized services to pharma and medtech original equipment manufacturers. Mackenzie Europe has consistently engaged with the company to discuss ESG strategy and governance disclosure, helping direct it to a structure and level of disclosure better aligned with market standards. The company adopted the Quoted Companies Alliance Corporate Governance Code and the UK Corporate Governance Code.

While there have been improvements, Uniphar's board of directors is currently composed of six male directors and two female directors. As such, it falls behind the 30% gender diversity quota, considered best practice for board composition of large and mid-cap companies in the European Economic Area. Furthermore, Uniphar lacks a board diversity policy that would internally set future gender targets. For these reasons, at the 2022 Uniphar AGM, we voted against the re-election of the chair of the nominating and governance committee.

During a follow-up engagement, Uniphar representatives pointed to ongoing board refreshment and stated their intention to meet the 30% gender balance target at the earliest convenience or whenever a board vacancy occurs. It is expected that additional changes will be made to the board of directors in 2023 to ensure greater diversity.

CASE STUDY

VERBIO VEREINIGTE BIOENERGIE AG (GERMANY)

Verbio AG is a producer and distributor of biofuels. While its products contribute to the energy transition, we identified significant room for improvement with respect to the company's management of ESG factors.

The team engaged with Verbio in spring 2022 to discuss its low MSCI rating score, the lack of Carbon Disclosure Project (CDP) assessment and the high ESG risk rating by Sustainalytics. Moreover, we highlighted the absence of SBTi-approved targets and the need to improve Scope 1, 2 and 3 disclosures.

Since then, Verbio representatives have met with us to highlight recent enhancements, including submitting their disclosure to CDP and having the company's non-financial report audited by third parties. Additionally, Verbio released its Scope 1 and 2 targets in late 2022.

The company also noted our concerns regarding its small board size, lack of disclosure of non-financial skills at the board and management level, and its remuneration policy.

"Taking ESG into account in the investment process is not only about ensuring compliance with the increasingly ESG-focused regulatory frameworks around the world, but it also means valuing non-financial indicators by integrating them into the evaluation of a company. This way, not only do we enhance long-term value creation, but we also contribute to the higher good of a better environment and society."

Francesca Ricchetti, ESG Analyst

TEAM CONTRIBUTOR

Francesca Ricchetti
ESG Analyst

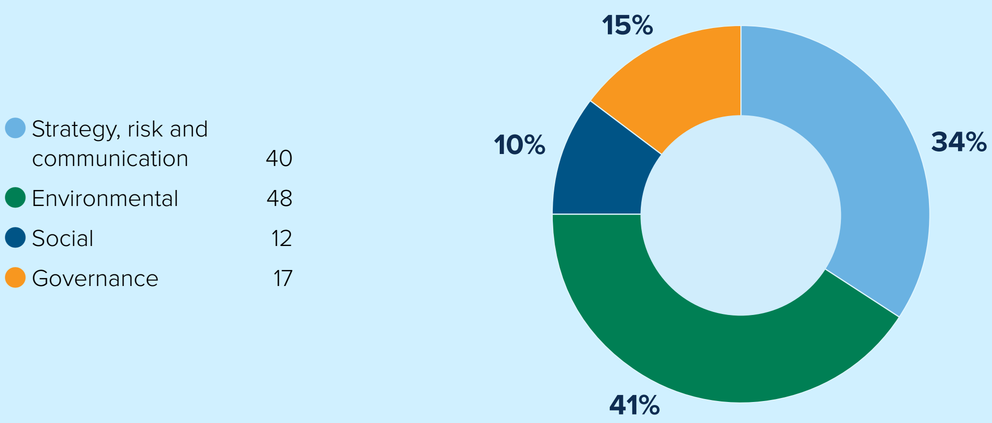
Francesca joined the team in April 2022, supporting all Dublin-based Mackenzie Europe funds. She leads the integration of ESG factors into the investment process, acting as a liaison with the broader Mackenzie group. As such, Francesca assesses ESG-related risks, identifies current ESG themes and upcoming trends, and carries out dedicated ESG engagements with issuers.

Direct engagements

MACKENZIE EUROPE

The Mackenzie Europe team engaged with 60 companies in 2022, holding 117 discussions on ESG topics. The majority of these discussions led to positive outcomes.

DIRECT ENGAGEMENTS BY TOPIC



ENGAGEMENTS COMPLETED BY FEDERATED HERMES EOS ON OUR BEHALF

We supplement our internal engagement through our partnership with Federated Hermes EOS. This extends our reach and influence and enhances our market insights. In 2022, Hermes EOS engaged with 200 European companies on our behalf, holding 830 conversations. These engagements are grouped into the following themes:

Topic	Number of engagements
Strategy, risk and communication	99
Environmental	247
Social and ethical	173
Governance	311
Total	**830**

Significant proxy votes in 2022

Kingspan Group PLC: The Mackenzie Europe team voted against the company's first say-on-climate (SoC) proposal and the re-election of one of the nominating committee members due to the lack of clear ESG oversight at the board level and the lack of sufficient female representation on the board (currently 25%). (Vote outcome was FOR both proposals.)

In our follow-up meeting, the company affirmed that sustainability is intrinsic to its strategy and that the audit committee and the compensation committee cover ESG issues to a certain extent. While Kingspan acknowledged our concern, they are not planning to set up an ad-hoc committee nor to expand the responsibilities of a non-executive director towards ESG oversight since they believe it is not the most appropriate approach for the company. Moreover, regarding board diversity, they had an improvement over the past years and they will take gender and ethnicity into account to select the new potential nominees. They cannot guarantee the achievement of the 30% threshold, nor will they set gender targets in the near future. In October 2022 Kingspan appointed an additional male director. We will continue to monitor Kingspan's progress to achieve more transparency in its oversight of sustainability-related issues, and continue to advocate for more diverse board representation.

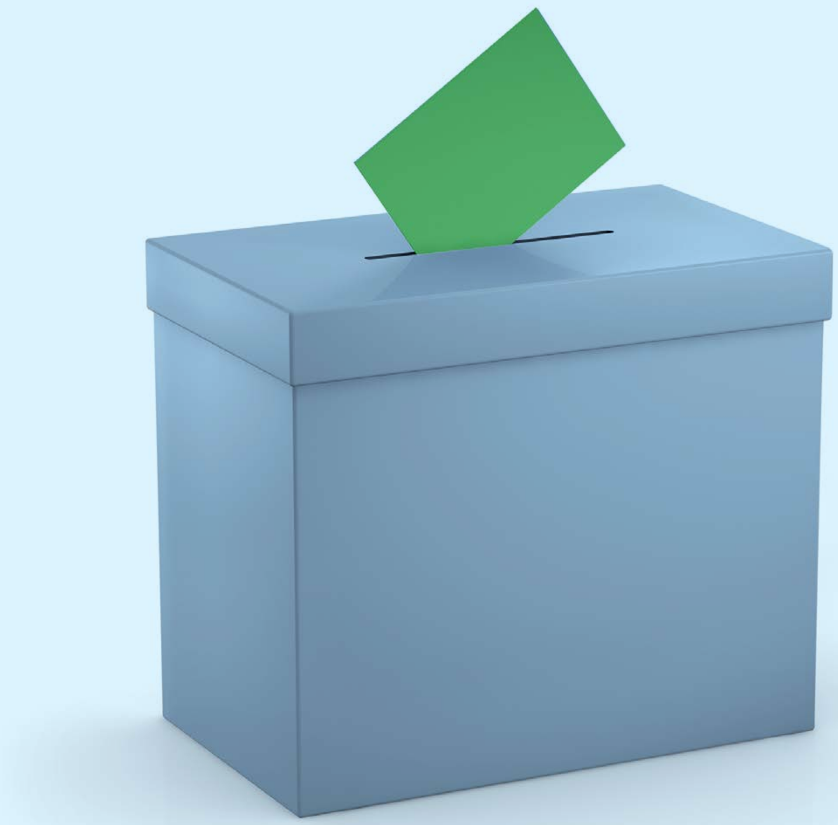
Future PLC: The Mackenzie Europe team voted against the re-election of the compensation committee chair and against the approval of the remuneration report given the lack of the company's response to shareholder dissent regarding its executive remuneration structure, expressed at the 2021 AGM. The remuneration report did not reach the majority of shareholder consent while the compensation committee chair received enough support to be re-elected. Following thorough engagement with shareholders on the matter, the company proposed a revised remuneration structure at the 2023 AGM which received 93% support.

PROXY VOTING

We vote proxies in the best interests of our clients, taking into consideration material ESG risks. We conduct our own analysis, which means, at times, we do not vote in accordance with management recommendations. Our proxy voting record for mutual funds and ETFs is disclosed on our website.

	Total meetings voted	Total proxy items voted	Votes with mgmt*	Votes against mgmt*	% of votes with mgmt*	% of votes against mgmt*
Mackenzie Europe	274	7,954	7,253	701	91%	9%

* mgmt = management



ESG metrics definitions

ESG metrics	Definitions	Source
Impact to the UN SDGs	The percentage of the portfolio's market value exposed to companies that are Aligned or Strongly Aligned with the 17 UN SDGs based on the nature of their products and services and their operational alignment to the goal and their involvement in controversies, as per the SDG Impact Rating. Data is updated on an annual basis through the integration of the newest annual/segment reporting by a company. Data is as of end of December 31, 2022. Under our internal methodology, at least 70% of a portfolio's weight must be eligible and covered in order for the metric to be covered.	MSCI ESG and Mackenzie Portfolio Analytics
Weighted Average Carbon Intensity (WACI) tCO_2e/US$M	WACI, a carbon-intensity metric, measures a fund's exposure to carbon-intensive companies expressed in tonnes of carbon dioxide equivalent (tCO_2e) per million dollars US of revenue (US$M). This metric acts as a comparable between the fund and the benchmark, utilizing S&P Global Trucost's Scope 1 and Scope 2 greenhouse gas emissions data. Data is as of end of 2022. Under our internal methodology, at least 70% of a portfolio's weight must be eligible and covered in order for the metric to be reported.	S&P Global Trucost, 2022
Board Diversity (Women)	Board diversity is demonstrated through company filings; depicted as the percentage of women on a company's Board of Directors. Company filing is done on an annual basis. Data is as of end of Q4 2022. Under our internal methodology, at least 70% of a portfolio's weight must be eligible and covered in order for the metric to be reported.	Company filing data has been sourced from Bloomberg (2022)
Diversity at the Executive Level	Number of women executives is demonstrated through company filings. This metric is depicted as a percentage of total executives. An executive may be defined by a company, the individuals that are on its board or executive/management committee. Company filing is done on an annual basis. Data is as of end of Q4 2022. Under our internal methodology, at least 70% of a portfolio's weight must be eligible and covered in order for the metric to be reported.	Company filing data has been sourced from Bloomberg (2022)
MSCI ESG Fund Ratings	MSCI's ESG Fund Ratings are meant to measure environmental, social and governance (ESG) characteristics of a fund's constituents. MSCI uses a rating system, ranging from CCC (laggard) to AAA (leader), which considers individual holding scores, ESG momentum and ESG tail risk. The rating is determined based on a weighted average of the company-level ratings of the underlying holdings of the particular fund. These ratings are updated monthly. We have reported ratings as of the beginning of February. Under MSCI's ESG Fund Ratings methodology, a portfolio must meet an eligibility criterion of at least 65% of assets under management covered in order to have a public rating.	MSCI Inc., 2022

ESG metrics	Definitions	Source
ESG-Labelled Debt Exposure	ESG-labelled debt includes four categorizations: 1. Green Bonds: Debt that is used to finance various climate or environmental-related projects. To become a "labelled" green bond, issuers must apply for certification by a recognized third party. 2. Social Bonds: Bonds that must be used to achieve positive social outcomes or address various social issues. 3. Sustainable Bonds: Bonds that are used to finance projects that combine both environmental and social issues, or address aspects of both. Issuing this sort of debt allows both corporations and governments to impact a wider range of initiatives. 4. Sustainability-linked Bonds: Bonds which have a variable component based on their ESG scores or certain set goals the company is attempting to achieve. These bonds usually have a mechanism that gives a strong incentive to the issuer to meet pre-defined sustainability targets, providing strong alignment between the sustainable and financial objectives of the issuer. ESG-labelled debt indicators depend on the release of sufficient evidence of underlying security documentation at the time of issuance. As additional information becomes available, indicators may be updated thereafter. All data is as of end of Q4 2022. This metric is not subject to our coverage threshold of 70% and is applicable for fixed income instruments only.	Bloomberg (2022)
Science Based Targets	Science-based targets are emission reduction targets that are aligned with climate science to reduce emissions in line with net zero and/or the Paris Agreement goals. The Science Based Targets initiative (SBTi) validates the pathway of science-based company targets. SBTi updates their database on a rolling basis, depending on when targets have been validated and when commitments have been made. All data used is as of the end of Q4 2022. This metric is voluntary for a company and our coverage threshold of 70% is not applicable.	Science Based Targets, 2022

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For any questions or feedback on our
Sustainable Investing Report, please email:
stewardship@mackenzieinvestments.com

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