



# Sustainability-related disclosures required under regulation (EU) 2019/2088

## Consideration of Principal Adverse Impacts (PAI) on sustainability factors

At Mackenzie, we acknowledge our responsibility as an asset manager and steward of capital in addressing the risks and opportunities associated with climate change and other Principal Adverse Impacts.

Mackenzie's investment solutions are managed through a multi-boutique investment team structure which allows us to deliver enhanced value to clients through diverse investing philosophies and approaches. While each investment team brings a unique lens, all teams use quantitative and / or qualitative approaches to assess and integrate sustainability risks. Our investment evaluation model considers various factors where climate, PAIs and other ESG risks and opportunities have an influence on the investment analysis including structural outlook, company returns, profit and loss risk, balance sheet risk, and macro risk.

## Methods currently used to address Principal Adverse Impacts

- Integration of ESG risks into our investment process
- Direct and collaborative corporate engagement
- Proxy voting
- Exclusions
- Public policy engagement

## Integration of sustainability risks into our investment decision making process

Our investment teams are required to incorporate material ESG factors into their decision-making processes at the individual holding level or in the overall portfolio. As an organization, we have adopted industry-accepted frameworks to guide our ESG investment practices, such as the [CFA Institute ESG Integration Framework](#) which provides detailed guidelines that can be applied at various stages of the investment process. Our passive investments may have limitations integrating material ESG factors at the security selection, valuation or portfolio allocation stages. However, our passive investments do align with the CFA Institute's ESG Integration Framework through the exclusion of controversial weapons, adherence to 100% proxy voting, and their inclusion in engagements supported by Federated Hermes EOS.

## Corporate engagement

Engagement with investee companies or issuers has long been fundamental to the Mackenzie approach. There are many ways we can engage with the investment holdings in our portfolios. Proprietary and third-party research is foundational to Mackenzie's active ownership strategy, where we strive for better disclosure, willingness to improve, and positive outcomes. From a debt perspective, our investment professionals are expected to engage with corporate debt issuers and sovereign debt agencies to encourage greater ESG-labelled debt issuances and to reinforce the values associated with sustainable investing. Our engagements are entered into our Mackenzie engagement tracking portal and progress is tracked.



## Collaborative engagement

In support of our sustainability efforts, we believe that collaborative action is essential to mitigate the impacts of climate change and have aligned with a number of global and local commitments and memberships listed below:

- 1** Participant in Climate Action 100+
- 2** Founding participant in Climate Engagement Canada, a Canadian coalition focused on collective engagement with Canada's highest GHG emitters
- 3** A signatory to the Net Zero Asset Managers Initiative, among one of the first Canadian asset managers to do so.
- 4** A signatory to the United Nations-supported Principles for Responsible Investment (PRI) and to the Investor statement on Coronavirus response
- 5** A Sustaining Member to Canada's Responsible Investment Association
- 6** An endorser of the Canadian CCGG Stewardship Principles which can be found [here](#)
- 7** A founding signatory of the Responsible Investment Association's Canadian Diversity and Inclusion Investor Statement and a signatory to the BlackNorth Initiative Pledge

## Proxy voting

Mackenzie also considers PAIs through proxy voting. Our Proxy Voting Policy describes the general principles guiding how we exercise voting rights on securities held by the portfolios that we manage. Recognising that sustainable investing is in the long-term interests of investors, we leverage our voting rights to highlight material ESG and other issues that may risk future long-term returns and hence impact investor returns. Increasingly this includes voting for Climate risk disclosures. We retain a third-party service provider to provide proxy recommendations or guidelines, but we review all recommendations before exercising voting rights. More detail on our stewardship approach to Principle Adverse Impacts can be found in our Sustainable Investing Policy [here](#).

## Screening process for sustainability risks and exclusions

With respect to the screening process, we use leading third-party ESG ratings/research providers such as Sustainalytics, Bloomberg, and S&P Trucost as part of the investment analysis. We consider both their ESG data and insights where available on potential and existing investee companies.

Mackenzie will not knowingly invest in companies involved in the production, use or distribution of anti-personnel land mines or cluster munitions as part of our commitment to the Anti-Personnel Landmines Convention and Convention on Cluster Munitions.

Depending on the nature of the investment teams' investing style, some teams may invest in companies with below average ESG rankings. In particular, certain investment strategies do take on ESG risks when there is potential for improvement to participate and encourage a sustainable transition. Furthermore, where investee companies have disclosed specific sustainability-related targets, we monitor their progress against these metrics.

## Identifying Principal Adverse Impacts via data analysis

Mackenzie has performed detailed third-party data analysis at a portfolio level on prospective EU Article 8 and Article 9 funds. Our analysis includes an assessment of the percentage alignment to the EU Taxonomy and how we consider the 14 mandatory PAIs under the Sustainable Finance Disclosure Regulation (SFDR). Mackenzie is also in the process of acquiring and developing additional insights from external data providers to meet future data reporting obligations under the SFDR. Once the relevant data is available, our quantitative methodologies used to measure principal adverse sustainability impacts will be added to this statement



## Remuneration policy

Our Remuneration Policy is designed to align portfolio manager incentives with the long-term interests of our clients. Employee bonuses are subject to the achievement of a range of objectives, including specific ESG-related objectives, rather than being wholly reliant on short-term investment performance.

## Mackenzie's net zero climate commitment

As a signatory to the [Net Zero Asset Managers Initiative](#) Mackenzie is committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. Mackenzie will set interim climate targets in 2022 and report on our progress on a yearly basis.

Commissions, trailing commissions, management fees, brokerage fees, and expenses may be associated with investment funds. Please see the prospectus before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. This document includes statements that may be considered forward-looking information. Forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Do not place undue reliance on forward-looking information. In addition, any statement about companies is not an endorsement or recommendation to buy or sell any security. The content of this policy (including facts, views, opinions, recommendations, descriptions or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation, or sponsorship of any entity or security cited. Although we endeavor to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.