



MACKENZIE
Investments

Building tomorrow together

Mackenzie Investments
2020 Sustainability Report



We're on a mission to create a more invested world, together.

We believe in the power of investing responsibly, creating an inclusive culture, and giving back to our communities to create a more sustainable future for everyone.

In 2020, we made excellent progress on our strategy. We continued to strengthen our sustainable investing (SI) expertise and products to meet a strong, under-served demand from Canadian investors. And, while Canadians are increasingly adopting SI in greater numbers, there remains a gap between those who have and those who don't have sustainable investments. It is Mackenzie's goal to make it smart and easy for institutional and retail investors as well as advisors to include sustainability in portfolios.

More than a service, it's our culture

Our purpose is to create a more invested world, together - to protect and create value for all our stakeholders - clients, employees, shareholders, communities and the planet. The expertise we provide is optimizing risk-adjusted returns for clients. Increasingly, an essential part of our strategy is building sustainability into Mackenzie's culture, corporate practices, and investment decisions.

For us, that means not only providing SI options but also living our sustainable values, by minimizing our effect on the environment, committing to increasing the number of women in investment management roles, helping to combat systemic racism, and assisting every Canadian regardless of age or economic resources to secure a dignified financial future.

The changing landscape of risk/return

Applying an Environmental, Social, and Governance (ESG) lens to our risk assessment activities means taking a comprehensive view of risk. All of our investment boutiques consider environmental, social and governance (ESG) factors, and we offer investment solutions that specifically address some of our society's biggest challenges. Our parent company, IGM Financial, has been consistently recognized as one of Canada's top corporate citizens. Investors and advisors can feel good working and investing with us. As a signatory to the UN-supported Principles for Responsible Investment, we monitor and adapt our approach to ESG in this rapidly evolving world, enhancing our approach in line with leading practices.

In December 2020, we enhanced Mackenzie's in-house expertise in the SI space, announcing the acquisition of Greenchip Financial Corp., whose investment strategy and expertise in energy transition technologies helps us meet the growing demand from retail and institutional investors for green energy options. Mackenzie also acquired an interest in Northleaf Capital Partners and acquired GLC. Both companies share our values and our commitment to sustainable investing. We are continuing to advance our product lineup and in-house capabilities including, our launch of the new Better World sustainable investing boutique in 2021.



Barry McInerney
President and CEO
Mackenzie Investments

I am also proud of the opportunities we have for the impact-oriented investor to address climate change and gender parity, specifically through Mackenzie Greenchip Global Environmental Fund and the Mackenzie Global Leadership Impact Fund.

Investing in an inclusive culture

We believe diverse, equitable and inclusive companies are more successful. This enables us to attract a richer, deeper employee talent pool, better retain and advance our employees, have stronger engagement with financial advisors and clients, and generate better financial performance.

We have partnered with organizations such as Catalyst and Women in Capital Markets which help us attract and retain more women to Mackenzie. My executive team is now an even balance of men and women, which makes us a better company.

In 2020, we joined the BlackNorth Initiative. I am honoured to serve on the Board of Directors of BlackNorth, which works to end anti-Black systemic racism in Canada. Overall, we continue to advance our DEI strategy to ensure we are representative of the communities we serve.

Our commitment to addressing climate change

Mackenzie's SI Centre of Expertise, led by Fate Saghir, has made important advancements to address climate change, including supporting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with parent company IGM

Financial, and becoming a participant in Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Globally, we are keen to act in support of mitigating climate change and we support the recommendations of the TCFD. We are also always evaluating our role as an active owner to align the values of our investors with our investment practices.

Our commitment to community

Our communities are both local and global. Locally, we provide financial and volunteer support to charities focused on at-risk youth and women through our Charitable Foundation. Founded in 1999, the Mackenzie Charitable Foundation is run and driven by employees. It has awarded more than \$12 million in grants to date.

I am especially grateful this year that, with all they have had to deal with during a global pandemic, our employees, clients, advisors and our communities have continued to work with us to advance SI, making Mackenzie Investments a strong proponent and enabler of a better tomorrow

Your feedback

If you have comments, suggestions or questions, please contact us sustainability@igmfinancial.com

For more information, please see IGM Financial's 2020 Corporate Sustainability Report.



Our sustainability strategy

We know we have a role to play in creating shared value for our clients, employees, advisors, shareholders, business partners and communities.

We are proud to be part of the IGM Financial family of companies, where our sustainability strategy keeps us focused on what matters most to our business and our stakeholders, and seeks to accelerate positive change in areas where we can make the greatest impact.



“At IGM, we’re having more conversations around ESG with investors and analysts, seeing increased interest from clients on sustainable investing, and engaging more frequently with employees and others on environmental and social issues. It’s inspiring to see the momentum behind this deeper view of business.”

Andrea Carlson,
Vice-President
Finance and Corporate Sustainability



Helping Canadians secure their financial future

As an asset management company, one of the best ways we can contribute to Canadian society is by offering our resources and expertise to help Canadians feel confident about their finances. This way, they can achieve their goals and ambitions – leaving a legacy, giving back to their communities and achieving financial security.

What if Canadians could be as invested in their financial future and their investments as they are in the rest of their lives?

Client experience

Our approach to client experience is built on a strong ethical foundation. This is expressed in how we sell our products and communicate with advisors and institutional investors. We have made several changes to our mutual funds and ETFs, including making our product line-up more streamlined and simpler to understand and introducing more competitive pricing. Our focus is on making our products as accessible and transparent for investors and the advisors who serve them.

We provide insight, data and tools to advisors to help them support their clients. An example of this is Precision, a powerful fund and portfolio analysis tool that compares funds, builds portfolios and allows advisors to create and share custom reports with clients. Further, our Tax and Estate Planning teams work with advisors to come up with the right strategies and solutions to help clients get the most out of their investments and maximize their estate's value.



Acquisition strengthens Mackenzie's in-house expertise in thematic environmental investing.

≥ 200 per cent increase

in the number of advisors actively selling Mackenzie's sustainable solutions.



Mackenzie has signed on to Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change.



Calming perspectives

Market conditions in the wake of COVID-19 caused uncertainty and confusion for investors and advisors. Financial advisors were under immense pressure and needed support to help keep their clients informed, calm and focused on their long-term investment goals. With this in mind, Mackenzie ran a campaign for advisors, which centred on providing "calming perspectives in uncertain markets."

Content included videos from Mackenzie's economist, tax experts and CEO; written commentaries, podcasts and webcasts to keep advisors and Canadians at large up to date with the markets and government programs; and – one of the most popular pieces – timely charts created by our economist and his team.

Sustainable investing

With the number of sustainable investing-focused assets in the marketplace growing by more than 50 per cent year-over-year in Canada and 35 per cent globally, Mackenzie has prioritized sustainable investing as a strategic growth catalyst. Our vision is to be a sustainable investor for our clients by demonstrating leadership in transparent ESG practices, genuine conviction and impact-driven solutions.

Our approach is guided by our five sustainable investing principles:

- We prioritize creating value for our clients by achieving long-term risk-adjusted returns across a diversified investment shelf.
- We mandate our investment boutiques to integrate factors material to risk and return, including ESG factors. We believe that material ESG factors present financial risks and opportunities.
- As long-term investors and stewards of capital, we believe in company engagement and proxy voting to promote good governance and management of material ESG issues.
- We believe that good governance is a signal of quality management and that well-managed companies produce long-term, sustainable returns.
- We offer sustainable, thematic and impact solutions that generate returns alongside impact for clients who want to align their values to their investments.

Mackenzie took strong action to bolster our commitment to sustainable practices in 2020, including:

- Establishing a Sustainable Investing Centre of Excellence (COE) led by the Head of Sustainable Investing who reports directly to the CEO. This centre provides centralized ESG research and expertise to investment teams; oversees and manages our sustainable products; and spearheads ESG advocacy efforts, including thought leadership initiatives and engagement with regulators.
- Enhancing our in-house expertise by acquiring Greenchip Financial Corporation, a Canadian firm focused exclusively on the environmental economy. With Canadians historically having limited options available for investing in environmental sectors, Greenchip's investment strategy and expertise in energy transition and on climate change will help Mackenzie meet growing demands from both retail and institutional investors.
- Becoming a founding signatory of the Canadian Investor Statement on Diversity & Inclusion, alongside IG and other institutional investors representing a total of more than \$2.3 trillion in assets.

"We continue to increase our focus on social initiatives and raise awareness, by investing consciously and delivering positive change for the environment, our people and our communities."

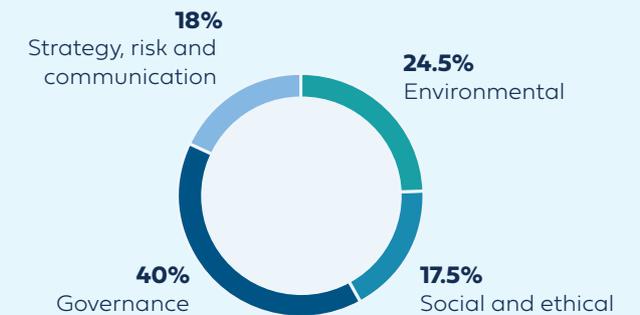
Fate Saghir,
Head of Sustainable Investing



2020 engagement by theme

In its role as a steward of capital, Mackenzie can provide further support to building a sustainable future. To maximize stewardship efforts, engagement is undertaken by both internal investment teams and by EOS at Federated Hermes (EOS), a third-party engagement specialist. Under this arrangement, Mackenzie's voice is combined with those of like-minded shareholders to exert greater influence over ESG issues. We generally adopt a policy of engagement over divesting a holding.

In 2020, EOS engaged with 979 companies held in Mackenzie accounts on 3,405 environmental, social, governance, strategy, risk and communication issues.



Empowering our people

We are driven to create a workplace experience that meets the evolving needs and expectations of our people and empowers them to flourish, grow and contribute. Only then will we achieve our full potential as a company and as individuals.

Talent and culture

Our people are our greatest ambassadors. When they are engaged and committed to spending their careers with us, the value to our business, our reputation and our communities is immense.

Fostering a high-performing and diverse culture is a strategic focus. Our people programs are designed with this objective in mind – from building a strong and diverse talent pipeline, to creating a fulfilling work experience, to helping people achieve their health, well-being and financial security goals. Here are a few highlights:

- Our **integrated career framework** focuses on fostering a career path that is right for each individual including: clear insight into opportunities for growth and development, mobility across IGM companies, creation of a personal development plan, and regular leader feedback and coaching.
- **LEADing at IGM (LEAD)** is our hallmark program for high-potential leaders, which features experience-based development through work on real projects.

- Our **dedicated practice management team** works with advisors to support them in managing and growing their business.
- **Enhancing our wellness programs** was one of our most significant commitments, aimed at allaying employee concerns, was that there would be no COVID-19 related job loss across IGM in 2020.

Our workplace of the future strategy marks a profound commitment to our people, culture and future. It is aimed at creating best-in-class contemporary workspaces across the enterprise and was developed in consultation with our employees. Our newly renovated head office space will be ready when employees return to work after the pandemic closures.



Diversity and inclusion

We believe strongly that diversity, equity and inclusion (DE&I) are key to attracting and engaging top talent, creating an exceptional employee experience and developing new business opportunities. Following the troubling incidents of racial injustice highlighted in 2020, we're very much aware of the persistence of racism in our society and want to bring positive, lasting change to our country and our company.

We aim to be known as a leading, contemporary organization driven by equitable and inclusive practices that enable everyone to feel included, respected and valued. We also want our employees and distribution teams to be representative and inclusive of the widely diverse Canadian population we serve.

Beginning in 2018, we committed to a company-wide strategy focused on advancing women in the workplace, supporting truth and reconciliation with Indigenous people, and building awareness of the challenges faced by the Lesbian, Gay, Bisexual, Transgender, Queer or Questioning and Two-Spirit (LGBTQ2S+) community.

Our three pillars of action are: raising awareness, defining and consistently demonstrating inclusive behaviours, and increasing external partnerships and community engagement. Our approach to each pillar is to "listen, learn

and act." While we've made inroads, we know we need to do more and, in 2020, we expanded the scope and focus of our work.

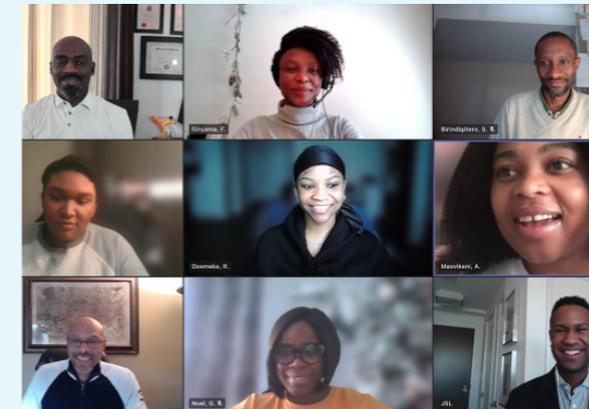
Mackenzie made a public pledge to end anti-Black systemic racism by signing on to the BlackNorth Initiative. This pledge not only reinforces our shared commitment to end anti-Black systemic racism, it also compels us to take action within our organizations, including committing at least 3 per cent of our corporate donations and sponsorships to promote investment and create economic opportunities in the Black community by 2025.

We encouraged our employees to participate in voluntary and confidential self-disclosure. Having this data will help us create meaningful DE&I programs going forward and measure our representation progress.

From a training perspective, we focused on unconscious bias, which is known to be one of the most pervasive barriers to inclusion in the workplace. All leaders and employees were invited to participate in unconscious bias training.



Mackenzie signed a pledge through the BlackNorth Initiative, led by the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, which commits them to take action to help end anti-Black systemic racism.



Strengthening our communities

By taking an active role in caring for our communities and the planet, we help create a more resilient and prosperous world.

Community support

In 2020, Mackenzie contributed \$2.4 million to more than 400 community and sport organizations across Canada.

Through the employee-driven Mackenzie Charitable Foundation, money is raised each year to assist charities, with a focus on those that help vulnerable women and at-risk children and youth. The foundation is funded by donations from employees, which are matched dollar for dollar by our company.

Each fall, our people come together to raise funds in creative ways for our 36 partner charities. The Mackenzie Caring Cup is a friendly competition in which departments earn points through their donations and volunteering in organized activities with the partner charities.

In total, our employees volunteered more than 600 hours, virtually or in-person, in 2020. They built furniture for the City of Toronto's Rapid Housing Project through our partnership with Furniture Bank, assembled coping kits for children whose parents are affected by cancer through the Nanny Angel Network, picked up non-perishable food donations for the North York Harvest Food Bank, and assembled and distributed food and sanitary kits to people experiencing homelessness in Calgary.

Through sponsorships, Mackenzie supports Canadian athletes as they fulfill their dreams. We have a four-year sponsorship of Alpine Canada and Freestyle Canada, and continue to support grassroots alpine skiing through a partnership with Alpine Ontario. We also have a six-year partnership with the PGA Tour Canada as the tour's first umbrella sponsor, which has donated more than \$1 million to charities on average per year across Canada since 2016.



Photo taken in 2018 prior to the pandemic



MACKENZIE
Charitable Foundation
Fondation de bienfaisance



Mackenzie contributes at least 1 per cent of its average annual pre-tax profit to charitable/nonprofit organizations.

Environmental footprint

Recognizing the clear connection between a healthy business, healthy communities and a healthy planet, we challenge ourselves to reduce our environmental footprint in meaningful ways.

We focus on managing direct impacts from our operations in four main areas – energy use, employee commuting and business travel, waste management and paper use. These are the areas where we have the greatest environmental impact.

Employee green committees are the drivers of many of our initiatives to reduce paper, waste and energy consumption. These groups of 10 to 15 volunteers each raise awareness and engagement around the importance of adopting environmentally responsible practices at work, at home and in the community.



#StepUp4Trees Challenge

In line with Mackenzie's commitment to sustainability, its Green Committee partnered with GrandTrees Climate Solutions and TreesCO2 to create a virtual tree planting challenge as a way to increase the number of trees being planted in 2020. For every employee who took up the challenge of climbing, walking, running or wheeling 150 steps and sharing a video of their steps on social media using #stepup4trees, Mackenzie donated one tree toward the World Economic Forum's Trillion Tree goal.



IGM was recognized by the CDP at the leadership level for our climate disclosures for the fourth consecutive year in 2020.



100% of office furniture replaced during office renovations was recycled or donated to non-profits



IGM and its operating companies signed statements of support for the Task Force on Climate-related Financial Disclosures (TCFD), which includes a set of recommendations for financial market participants to understand and disclose climate-related risks and opportunities.

Earning and sustaining trust

Exemplary business conduct, effective governance and rigorous risk management are the foundation of everything we do and the reason clients put their trust in us. This is something we never take for granted and continually work to strengthen.

Amid the extraordinary challenges of 2020, IGM Financial's robust governance, compliance processes and preparedness enabled our nimble response and continued strong performance.



COVID-19 Committee

Executive COVID-19 Committee and special Board meetings facilitated fast decision making and direction setting, keeping our people and clients safe.



Risk Committee

Formed an IGM Board-level Risk Committee to strengthen our risk management practices.



Emergency preparedness

Performed regular simulation testing of emergency preparedness plans in January – and activated them two months later when the pandemic hit.



Enhanced training

Provided enhanced training for employees and field members on anti-money laundering, anti-corruption and anti-bribery, which helped protect the privacy and security of client information while people were working remotely.



Say on pay advisory vote

Will be adopting a system to provide for a non-binding shareholder advisory vote on our approach to executive compensation in 2022.



Code of Conduct

100 per cent of employees acknowledge our Code of Conduct annually.

TCFD

In 2020, we deepened our commitment to integrating climate change risk and opportunities into our business by continuing to implement the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). An IGM-wide TCFD Working Group of senior leaders is leading our efforts. The group is focused on enhancing our knowledge and tools to quantify climate risks in tandem with our industry, further integrating climate into our business strategy and product offering for clients, evolving our engagement approach with investee companies, and addressing increased disclosure expectations. For details, see our TCFD disclosure on page 84 of IGM Financial's 2020 Sustainability Report.

Related publications

ESG Analyst Hub

Awards and recognition

Our parent company, IGM Financial, has been recognized by research firms, media rankings and rating agencies for our leading ESG practices.



IGM was recognized by CDP at the leadership level for our climate disclosures for the fourth consecutive year. In 2018 and 2019, we earned a spot on **CDP's prestigious A List**.



FTSE4Good

IGM is a member of the **FTSE4Good Index**, an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards.



IGM is one of the 50 constituents of the **Jantzi Social Index**, consisting of Canadian companies that pass a set of broadly based ESG rating criteria.



IGM was ranked among **Corporate Knights' 2021 Global 100 Most Sustainable Corporations** in the world, landing at #29 overall, and were the top-rated investment services company globally and the top-rated financial services organization in North America.



IGM was included in **Corporate Knights' Best 50 Corporate Citizens** in Canada for 2021. The ranking was based on our commitment to sustainability within 15 key performance indicators, covering resource, employee and financial management.

"We're very proud to be recognized for our sustainability practices and disclosures. We hold ourselves to the same standard we expect from the companies we invest in on behalf of our clients."

Luke Gould,
Chief Financial Officer, IGM Financial



Making a positive impact

Created in 2015, the United Nations' Sustainable Development Goals (SDGs) are a call for all countries to work together to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity by 2030.

With less than a decade left to achieve the SDGs, and the global pandemic threatening progress, strong action is needed across business and societies to put the world on a more sustainable path. Across the IGM Financial group of companies, we contribute directly or indirectly to each of the 17 goals, and we focus on five where we believe we can make the greatest contribution.

Goals



Our Contributions

Inspiring financial confidence through expert financial planning advice backed by superior products and services, as well as community partnerships to promote financial literacy.

Empowering women by implementing targeted strategies for recruiting women and enabling their upward mobility, and by supporting external initiatives such as the United Nations' Women's Empowerment Principles and organizations focused on women in finance such as Catalyst, GATE and Women in Capital Markets.

Managing climate change risks and opportunities through our risk management and sustainable investing processes, engaging with investee companies on their climate change issues, reducing our environmental footprint, and demonstrating transparency in climate-related disclosures.

Playing a role in Canada's financial services sector through our leadership in a number of regulatory, governance and standards associations, which work in the interests of the investing public.

Achieving the goals requires multi-stakeholder collaboration and partnerships. Our joint commitments and collaborations are identified throughout this report and include initiatives such as the Principles for Responsible Investment (PRI), the Women's Empowerment Principles, the Task Force for Climate-related Financial Disclosures and Imagine Canada's Caring Companies program.