MACKENZIE Investments | MACKENZIE INVESTMENTS EUROPE LIMITED

MIEL Sustainable Investment and ESG Integration Policy

EXTERNAL USE

Table of Contents

1. **Assessment and Monitoring of Investee Companies**

   Every potential investee company is subject to a bottom-up ESG evaluation with the aim to thoroughly understand the policies of companies on material issues relative to the company and the industry in which it operates. This evaluation is based on internal analysis and the use of third-party ESG data. The ESG assessment aims to include forward looking information to identify a company's potential to create value or its risk to detract value that is currently not yet appreciated by the market.

   The bottom-up ESG evaluation is integrated as a core component in the overall security selection process that is used to arrive to investment decisions, both in terms of including a company in an account as well as the weight allocation. It is also used to feed into the team's engagements and to influence shareholder-value enhancing positive corporate behaviour.

   While a dedicated ESG analyst is responsible for leading ESG research, integration and engagement, all of MIEL's portfolio managers and analysts have responsibility for ESG analysis, which is an integral part of the overall investment process.

   Examples of potential assessment monitoring methods include:

   - Our in-house framework used for company initiation reports and stock notes.
   - Company financial and non-financial reports, press releases, regulatory filings.
   - Integration of specialty ESG data and research providers such as Sustainalytics, Bloomberg, S&P etc.
   - Attendance at industry conferences and events, ESG media coverage.
   - Proxy Research Reports from Glass Lewis Ltd.
   - ESG Ratings tools such as CDP, MSCI, S&P Global ESG Rank, DJSI.
   - Meetings with investee companies to discuss ESG matters which may pose a risk to the investee company's long-term financial stability.

   MIEL is also subject to the Sustainable Investing Policy of its parent entity, Mackenzie Financial Corporation ("MFC") which incorporates the CFA Institute ESG Integration Framework to guide the firm's investment practices.

2. **Engagement with Investee Companies**

   MIEL takes a risk-based approach to engagement with investee company by focusing on companies which have been identified as underperforming relative to industry peers with respect to ESG metrics, including high carbon emitters, or those whose policies and/or disclosures it believes are inadequate to public market standards. Company engagements can also be prioritised based on proxy-voting outcomes and thematic-specific orientation. In the engagement process, the team interacts with issuers with the goal of achieving beneficial change with respect to risk management, value creation and reputation. Engagement is also important to identify companies with deteriorating or material ESG issues that have not yet been discounted by the market. These meetings are recorded within MFC's Engagement Portal and are followed by further engagements to track the company's direction of travel when required.

3. **Proxy Voting**

   MIEL exercises active ownership by voting all proxies of relevant securities in a manner that it believes is in the best interests of the clients' long-term interest taking into account material ESG risks that have been identified. MIEL follows MFC's Proxy Voting Guidelines and votes generally in line with the standard Glass Lewis guidelines.

4. **Co-operation with Other Shareholders**

MIEL under its parent company, MFC, is a signatory of the United Nations Principles for Responsible Investment (UNPRI). MFC became a signatory to the Net Zero Asset Managers initiative (NZAM) in 2021, committing to support the goal of net zero greenhouse gas ("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 on their decarbonisation goals and strategic plans to reduce GHG emissions in the real economy without detracting from shareholder value.

5. **Sustainability Risks and Principal Adverse Impacts**

MIEL considers Sustainability Risks as a qualitative metric in its investment decision-making process. For these purposes, a "Sustainability Risk" is an ESG event or condition which could have an actual or potential material negative impact on the value of one or more investments held in accounts managed by MIEL. MIEL is not required to consider Principal Adverse Impacts ("PAIs") of its investment decisions on sustainability factors at entity level but continues to keep this position under active review. Even so, with MIEL being a subsidiary of MFC - a signatory to the UN Principles for Responsible Investment (PRI) - it incorporates ESG into its investment analysis and decision making. In addition, MIEL will not knowingly invest in companies involved in the production, use or distribution of anti-personnel land mines or cluster munitions as part of a commitment to the Anti-Personnel Landmines Convention and Convention on Cluster Munitions.

6. **Sustainability Risks and Remuneration of Portfolio Managers**

MIEL's Remuneration Policy is designed to align Portfolio Manager incentives with the long-term interests of its clients. Employee bonuses are subject to the achievement of a range of objectives, including the integration of Sustainability Risks. Sustainability risks are integrated into the Remuneration Policy through the process of evaluating individual performance and determining the level of variable compensation. This takes two forms:

- Investment Decision-making: Portfolio Managers are required to comply with defined investment mandates and parameters. Where the investment mandate has specific sustainability objectives and behaviours are not aligned with these objectives, employee variable compensation will be impacted.
- Individual Performance Objectives: Senior personnel throughout MIEL receive individual ESG objectives during the annual objective-setting process. Annual performance reviews measure performance against these objectives and impact on the individual's overall variable compensation.

As such, MIEL views the Policy as consistent with Article 5 of SFDR.

7. **Non applicability of reporting**

Given MIEL's size, we are currently excluded from reporting on a mandatory basis against the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence (CSDD) Directive. Whether MIEL meets the criteria to be in-scope of these directives is reviewed annually by MIEL's compliance team.

Reporting against the Task Force on Climate-related Financial Disclosures (TCFD) is conducted at the parent company level, IGM Financial.