



**MACKENZIE**  
Investments

Betterworld Engagement Series: Introduction

# **A better approach for a Betterworld**

How engaging with companies can make an impact



# How Betterworld makes a difference

In 2015, the United Nations (UN) adopted the 17 Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet, and ensure that by 2030 all individuals could enjoy peace and prosperity<sup>1</sup>. Betterworld, aligned with the UN SDGs, is on a mission to **help make the world a better place**. What follows is the introduction to an ongoing series based on the ESG factors that guide Betterworld’s approach to stewardship and company engagement.



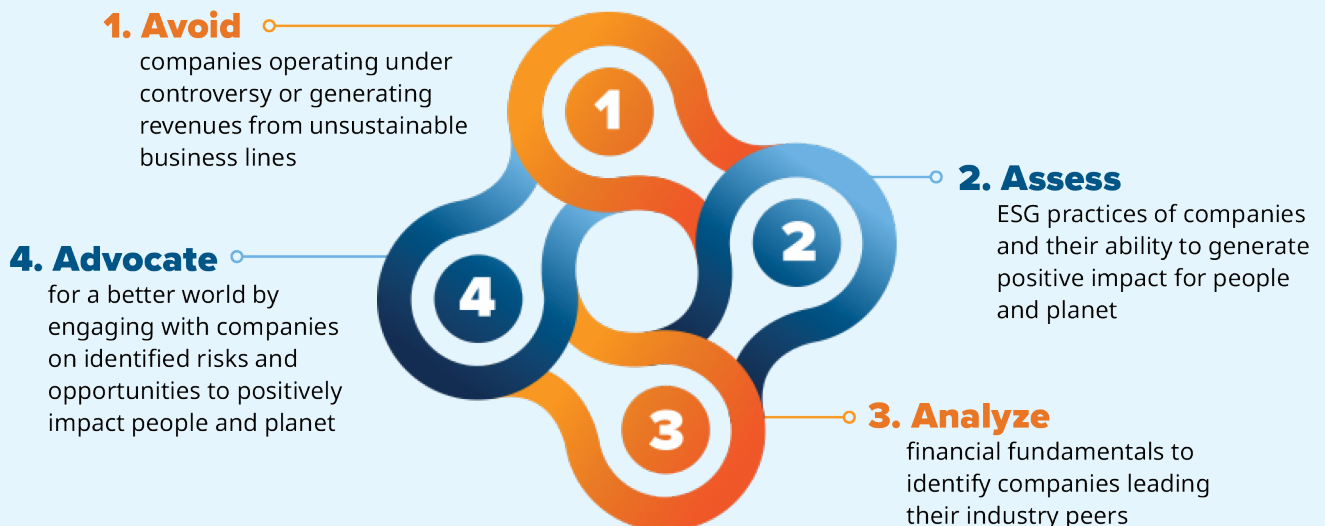
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As sustainable investing options continue to grow in choice and popularity, it’s becoming increasingly difficult to differentiate them from each other. Mackenzie’s Betterworld Team sets itself apart by taking an industry-leading position of putting sustainability first in its stock-selection process and actively engaging with the companies it holds to help them to improve their ESG performance and reach their sustainability goals.

The Team generates impact by investing in companies aligned to a sustainable future, with a four-stage selection process:



# Betterworld’s stewardship strategy

One of the key ways that Betterworld’s approach to sustainable investment stands out is its active engagement with companies via its stewardship strategy. This allows the Team to advocate on behalf of investors to:



### Voice its values:

The team uses shareholder rights to advocate for issues that are important to responsible investors.



### Manage risk:

Protects company value from existing and emerging ESG risks uncovered by its proprietary analysis.



### Create impact:

Encourages companies to align with the UN SDGs (Sustainable Development Goals) to create a better and more sustainable future for everyone.

Stewardship activities generally fall into one of two categories:

- **Strategic:** campaigns that align with the UN SDGs (figure 1) and/or are based on topical ESG themes/issues, or identified future risks/opportunities
- **Tactical:** campaigns to address risks or controversies that have been identified through the Team’s active research process

Betterworld has developed 4 social and environmental stewardship priorities that will guide its work in the coming year. This series will take a deep dive into each of the following priorities;

**Figure 1 | United Nations Sustainable Development Goals (UN SDGs)<sup>2</sup>**





## 1 Gender and racial diversity

The Betterworld team has an ambitious strategy to encourage companies to have greater gender and racial diversity and representation on their boards of directors and in senior management.

- Companies have come under increased pressure from shareholders to act on racial equality. The Betterworld team encourages all companies to release their racial diversity statistics. Companies that already disclose racial diversity data are engaged to improve racial diversity in management.
- Despite women accounting for nearly half of the global population, they currently only hold approximately 20% of board seats in North America.<sup>3</sup> The Team engages with firms with less than 33% females on their board of directors to improve their board gender diversity.

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## 2 Feeding the future

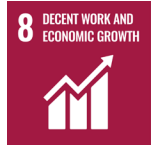


Food production, distribution and packaging cause significant increases in CO<sub>2</sub> and global greenhouse gas emissions, as well as negative impacts on our ecosystems. Unsustainable agricultural practices (along with climate change) are exacerbating biodiversity loss, which is recognized as the next major environmental crisis.<sup>4</sup>

The Betterworld Team explores engagement opportunities to encourage food production and related companies to:

- Adopt trackable biodiversity-protection policies
- Set robust targets and procedures to reduce plastic waste
- Invest in sustainable agricultural practices and alternative proteins

**Biodiversity loss** is recognized as the next major **environmental crisis.**<sup>4</sup>



### 3 Human rights in the supply chain

The UN Guiding Principles on Business and Human Rights outline the steps businesses must take to ensure they're not directly or indirectly perpetuating human rights violations. The ineffective management of supply chains can expose companies to unintended human rights violations. Forced labour has become a prominent area of human rights concern, especially in high-risk regions where regulatory oversight may be ineffective.

The Betterworld team engages with portfolio companies to ensure they:

- Conduct a detailed risk map of direct and indirect supply chain relationships connected to high-risk regions
- Have plans to exit relationships where the risks cannot be managed
- Provide public disclosures on both issues and their remedies

**Forced labour is an area of human right concern, especially in high-risk regions where regulatory oversight may be ineffective.**

### 4 Climate action



#### a) Banks and the environment

The financial sector has a significant role to play in the global transition to green energy, through its ability to invest in renewable and green energy innovation. Many banks made voluntary commitments to reduce their lending to environmentally sensitive projects, but without accountability these commitments may not be carried out.

According to the Banking on Climate Chaos report, since the Paris Agreement was signed in 2016, the world's 60 largest banks have invested a total of \$3.8 trillion in fossil fuel projects.<sup>5</sup> Betterworld engages with banks in its portfolios to:

- Hold them accountable to their environmental stewardship commitments
- Encourage them to commit to even more stringent environmental stewardship policies, including reducing lending to fossil fuel firms

**The world's 60 largest banks have invested a total of \$3.8 trillion in fossil fuel projects.**



## b) Carbon emissions

The way companies manage their carbon emissions is critical in the fight against climate change and necessary to meet the Paris Agreement target of limiting global warming to 1.5 C.<sup>6</sup> Betterworld's Climate Risk Capital Allocation strategy diverts investment away from sectors primarily involved in the production, extraction, distribution and servicing of fossil fuels.

However, there is still an opportunity to advocate with other sectors to improve their carbon footprint and reduction strategies. The Betterworld team regularly reviews portfolio holdings for their direct and indirect emissions – which measure the greenhouse gases (GHGs) emitted from both a company's operations and their supply chain, and engages with the top emitters in each portfolio, to encourage:

- Robust carbon emission reduction plans
- External disclosure of carbon emissions
- Paris Agreement alignment and net-zero commitments/plans
- Detailed timelines for carbon targets

**The way companies manage their carbon emissions is critical in order to meet the Paris Agreement target of 1.5C.<sup>6</sup>**

**To find out more about the Mackenzie Betterworld Team and its funds, contact your Mackenzie sales team.**

Sources:

<sup>1</sup> United Nations: The SDGs in action

<sup>2</sup> <https://sdgs.un.org/goals>

<sup>3</sup> <https://www.catalyst.org/research/women-on-corporate-boards/>

<sup>4</sup> <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/>

<sup>5</sup> <https://www.bankingonclimatechaos.org/wp-content/uploads/2021/10/Banking-on-Climate-Chaos-2021.pdf>

<sup>6</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

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