

APPROVALS

Approved By:	SLC Fixed Income Sustainability Committee
Effective Date of Latest Amendments:	September 2024
Responsible Person/Contact:	Andrew Harris, Managing Director, ESG Business Integration

1.0 PURPOSE

The Sustainable Investing Policy (the “Policy”) outlines SLC Fixed Income’s approach to sustainable investing. The Policy describes how we implement sustainable investing to support our clients’ objectives. There are circumstances when our clients may have investment objectives that require our investment teams to deviate from this policy.

Sustainable investing is an investment approach that integrates environmental, social and governance (“ESG”) factors into investment decision-making with the objective of generating enhanced risk-adjusted returns for our clients.

2.0 SCOPE AND REVIEW FREQUENCY

This Policy applies to certain investment strategies and client mandates at SLC Fixed Income. We primarily manage public and private fixed income assets.

This Policy will be reviewed annually at a minimum.

3.0 GOVERNANCE

3.1 Sustainability Committee (the “Committee”)

The Committee is composed of senior leaders across SLC Fixed Income. The Committee is responsible for:

- overseeing the direction, priorities and implementation of key sustainable investing initiatives across SLC Fixed Income;
- monitoring regulatory updates and evolving industry practices;
- overseeing SLC Fixed Income’s engagement strategy, including participation in industry initiatives;
- reviewing external-facing sustainable investing communications, position papers and policy proposals by SLC Fixed Income, as required;
- reviewing and approving the SLC Fixed Income Sustainable Investing Policy and any associated guidelines and procedures; and
- overseeing SLC Fixed Income’s signatory activities, public commitments and targets.

3.2 Sustainable Investment Council (the “Council”)

The Council is a sub-committee of the Sustainability Committee. It is the steering body for ESG integration in our investment processes, representing and working across asset class teams. The Council is composed of investment team leaders.

4.0 SUSTAINABLE INVESTING PROGRAM

4.1 Principles for Responsible Investment

The United Nations-supported Principles for Responsible Investment (“PRI”) is a collaborative investor initiative with a voluntary and aspirational set of six investment principles (“Principles”). SLC Management became a signatory to the PRI in 2014. The six Principles of the PRI are:

Principle 1	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3	We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4	We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5	We will work together to enhance our effectiveness in implementing the Principles.
Principle 6	We will report on our activities and progress towards implementing the Principles.

4.2 Our Approach

We believe that considering material ESG risks and opportunities can preserve and enhance the long-term market value and income generation capacity of investment assets. This can contribute to better investment performance over time and help our clients achieve their investing goals.

Our consideration of ESG factors in investment decisions depends on many variables. These can include:

- a client’s objectives and the underlying mandate;
- the asset type and availability of information; and
- the expected holding periods.

ESG factors can vary by industry, geography, and asset class – and can change over time. That is why we believe our investment teams are best positioned to identify and evaluate these risks and opportunities, where relevant. We use our in-house expertise, and guidance from various industry providers, to determine which factors are most relevant.

A process used to support our ESG analysis is our proprietary ESG investment assessment and scoring framework, which is designed to assess the relative environmental, social and governance risks of issuers within an industry or asset type. The foundation for the framework is industry or sector-based analyses of the material ESG factors that could impact the value and financial performance of the assets over time.

4.3 Engagement

As an active manager, we believe that engagement with company management can be an effective tool, where relevant, in our consideration of ESG risks and opportunities. Engagement allows us to work constructively and collaboratively with other institutional investors and industry stakeholders to better understand company-specific ESG disclosures and performance related factors, and progress towards their goals.

As a fixed income asset manager, we generally do not own shares or undertake proxy voting.

5.0 SLC FIXED INCOME CULTURE

SLC Fixed Income promotes a diverse, inclusive and respectful working environment where all employees can contribute to their full potential. A diverse workforce with wide perspectives and creative ideas benefits our clients, our colleagues and the communities where we operate.

We facilitate several employee inclusion networks and external partnerships, which play an important role in fostering and embedding a culture of inclusion within the organization, as well as enhancing our hiring practices.

6.0 EXCLUSIONS

Our approach to sustainable investing is not prescriptive, enabling portfolio managers to manage their portfolios within clients' guidelines. SLC Fixed Income does not have explicit ESG exclusions applied to the management of client accounts. We incorporate client restrictions as directed.

7.0 REPORTING

We strive to be accountable and transparent regarding our sustainable investing practices and outcomes. We report internally to the Sustainability Committee as well as publicly and to our clients through a variety of different platforms, including through the annual SLC Fixed Income Sustainable Investing Report.

We regularly review our communications efforts to ensure we are meeting our clients' and other stakeholders' needs.

Disclosure

SLC Management is the brand name for the institutional asset management business of Sun Life under which the entities Sun Life Capital Management (U.S.) LLC in the United States, and Sun Life Capital Management (Canada) Inc. in Canada operate. These entities are also referred to as SLC Fixed Income and represent the investment grade public and private fixed income strategies of SLC Management.

Sun Life Capital Management (Canada) Inc. is a Canadian registered portfolio manager, investment fund manager, exempt market dealer and in Ontario, a commodity trading manager. Sun Life Capital Management (U.S.) LLC is registered with the U.S. Securities and Exchange Commission as an investment adviser and is also a Commodity Trading Advisor and Commodity Pool Operator registered with the Commodity Futures Trading Commission under the Commodity Exchange Act and Members of the National Futures Association. In the U.S., securities are offered by Sun Life Institutional Distributors (U.S.) LLC, a SEC registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA).

This policy is intended for institutional investors only. It is not for retail use or distribution to individual investors. All investments involve risk including the possible loss of capital.

The information contained in this policy is for informational and educational purposes only. It is not intended to provide specific financial, tax, investment, insurance, legal or accounting advice and should not be relied upon and does not constitute a specific offer to buy and/or sell securities, insurance or investment services.

This material may contain examples of the firm's internal ESG research program and is not intended to represent any particular product's or strategy's performance or how any particular product or strategy will be invested or allocated at any particular time. ESG integration is the incorporation of financially material environmental, social and governance (ESG) data or information into the investment decision process with the objective of risk-adjusted returns. Unless otherwise stated in the investment objectives of a particular product and/or mandate, reference to ESG integration within this policy does not imply that any specific product has an ESG-aligned investment objective or strategy. SLC Management's ESG processes, rankings and factors may change over time. Information regarding a company's ESG practices obtained through third-party reporting may not be accurate or complete. Absent common regulatory ESG standards and definitions, this data may be inconsistent among providers and is subject to change.

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