

# 2020 Sustainable Investing Report



Your purpose is our purpose

# Your purpose is our purpose

SLC Management is the institutional asset management business of Sun Life, a large global financial services organization with a deep heritage in insurance and asset management. SLC Management offers clients a broad and deep range of solutions across traditional and alternative asset classes through our four companies:

- **Sun Life Capital Management**, offering investment grade public and private fixed income;
- **BentallGreenOak**, offering real estate equity and debt;
- **Crescent Capital Group**, offering a range of alternative credit strategies including high-yield, bank loans, direct lending and mezzanine debt; and
- **InfraRed Capital Partners**, offering infrastructure equity assets across a range of listed and unlisted portfolios.

The following report focuses on Sun Life Capital Management's sustainable investment practices as it relates to investment grade public and private fixed income. More information on our affiliates can be found on pages 24 – 27.

The SLC Management companies manage over C\$308B<sup>1</sup> in asset under management on behalf of our clients, who include pension plans, insurance companies, endowments and foundations and sub-advisor clients.

We share a common purpose with our clients – to meet their long-term financial obligations. We focus on providing diversified investments and a reasonable level of total return, with a view to sustainable economic growth. We often co-invest alongside our clients, demonstrating a true alignment of interest.

Our investment capabilities, aligned interests, sustainable focus, and culture of diverse talent and inclusivity combine to provide an exceptional experience for our clients.

# A message from Steve Peacher



**Steve Peacher**  
President, SLC Management

At SLC Management, we have an unwavering commitment to sustainable investing to meet the needs of our institutional clients. It is an integral part of our history: sustainable investing has been central to our parent company Sun Life for over 150 years.

The intersection of sustainability and investing continues to grow globally. The pandemic has accelerated this trend. It highlights the connected world in which we live and helps us understand and separate the sustainable from the unsustainable.

This inaugural Sustainable Investing Report provides you with a deeper look at our North American fixed income business. We share our investment perspective and process: how we believe investing with an environmental, social and governance (ESG) lens is at the core of delivering long-term outperformance, and something we live everyday.

Investing with an ESG lens aligns with our belief in contributing to a sustainable global environment. This includes promoting healthy living and fostering diversity and social justice, which aligns with our core values to create a better world. In 2020, SLC Management joined the Climate Action 100+ initiative. This is an investor-led

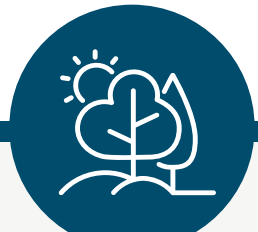
initiative to engage with the world's largest corporate greenhouse gas emitters to take action on climate change. Starting in 2021, Sun Life's business operations around the world, including those of SLC Management, will be carbon neutral. Sun Life has also set a goal to invest an additional C\$20B in sustainable investments over the next five years.<sup>2</sup>

We continue to drive initiatives that reduce greenhouse gas emissions, including enhancing the energy efficiency of our offices. We will also be introducing an internal carbon charge for business air travel when it resumes, post pandemic.

We are proud of the sustainable investment work we do for our clients as an asset manager. We are equally proud of the sustainability work we do as a corporate citizen. This work on both fronts will continue to evolve and grow.

**Steve Peacher**  
President, SLC Management

A handwritten signature in black ink, appearing to read 'Steve Peacher'.



## Our fixed income business<sup>3</sup>

Sun Life Capital Management, principally featured in this report, is the investment grade public and private fixed income business of SLC Management.

## Manages over

 **C\$173B**  
in assets

## Signatory to the PRI<sup>4</sup>

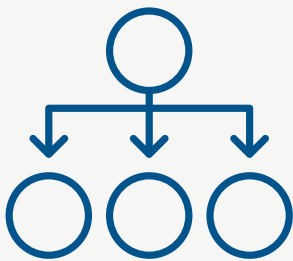
 **A** Rating

# Our sustainable investing framework

At SLC Management, we believe in investing sustainably to preserve and enhance the long-term market value and income generation capacity of investment assets. In this way, we can improve the expected risk-adjusted return for our clients. It also allows us to provide our clients with the tools and capabilities to help them achieve their sustainable investment goals.

# Framework

We uphold our philosophy with a well-established framework that keeps us organized and focused on current and future activities.



**Governance**

Our governance structure captures ESG through both a business and an investment lens.



**Investment process**

We embed ESG analysis across all our investment teams; it is an essential part of our decision making.



**Advocacy and engagement**

We engage with corporate issuers and advocate through industry initiatives to help influence positive change.

# Governance

## Executive sponsorship

Randy Brown and Eugene Lundrigan are the executive sponsors of our sustainable investment program, and lead our Sustainability Committee. They also represent SLC Management in governing our parent company's worldwide sustainability efforts through their positions on Sun Life's International Sustainability Council.



**Randy Brown**  
Head of Insurance Asset Management at SLC Management and Chief Investment Officer at Sun Life



**Eugene Lundrigan**  
President, Sun Life Capital Management (Canada) Inc.

## Two groups govern our sustainability approach

- 1 The Sustainability Governance Committee**  
The Committee is responsible for setting the direction and priorities for our sustainability initiatives. Senior leaders across SLC Management's operating businesses make up this Committee. It also includes representatives from our affiliated companies: BentallGreenOak, Crescent Capital and InfraRed.
- 2 Sustainable Investment Council**  
The Council is a sub-committee of the Sustainability Committee. Investment team leaders, including the Head of Credit Research, portfolio managers, and the CIO make up this Council. The Council is responsible for representing and working with all teams on sustainability matters to integrate ESG factors into the investment process and ensuring that our sustainability principles guide our investment work.

## DOWNLOAD



From our parent company, SLC Management's sustainable investing objectives, goals and outcomes are disclosed publicly in [Sun Life's annual Corporate Sustainability Report](#)



[Our Sustainable Investing Policy](#) sets out our ESG principles. These are consistent with the Principles of Responsible Investments (PRI).



# Investment process – we think about **sustainable investing** in four ways

- 1 Sustainability is integral** to how we make investment decisions because we believe it leads to better risk-adjusted returns to our clients over time.
- 2 We all “think” ESG.** We embed ESG thinking, analysis and application within all our investment teams – and in particular, our credit research team.
- 3 Sustainability is more than ESG** and our fundamental credit risk analysis reflects this. We focus on deep analysis with a heightened awareness of risks that may not easily fit under the categories of ESG – areas such as automation and robotics, for example.
- 4 We do our own homework** and while we utilize market resources, we base our sustainability views primarily on proprietary research.



“We believe in building long-term, sustainable value firmly rooted in responsible investment practices. Our portfolio managers and credit research analysts collaborate closely across asset classes to conduct analysis and assess our portfolio of investments.

We believe the depth of our ESG analysis is what differentiates our approach from others in the industry. **We call this approach ESG Plus.**”

**Randy Brown**

Head of Insurance Asset Management at  
SLC Management and Chief Investment Officer at Sun Life

# Sustainability is more than ESG – **ESG Plus**

ESG Plus is our approach to research and analysis, which reflects our heightened awareness of risks that may not easily fit under the categories of ESG, such as ‘automation’ and ‘robotics’.

These risks are difficult to quantify, and cannot be reflected in precise financial terms, but we believe are likely to affect investment returns. As a result, we must consider them based on judgment and in qualitative terms. The depth of our analysis allows us to effectively identify and manage a wider range of sustainability risks in our investment portfolios, and equally important, to identify and invest in new sustainable investment opportunities with a goal of achieving higher returns.

Our analysis includes studies of industries and sectors to generate ESG ratings of public corporate and private issuers. We create ESG Plus studies that track relevant ESG risks by industry. We also examine company and industry trends from the ESG perspective. Additional data sources for our ESG ratings include MSCI, Bloomberg, and rating agencies, among others.





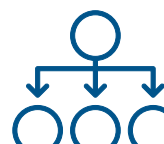

## ESG Plus study: Aerospace & Defence

Within the Aerospace & Defence sector, the aerospace and defence industry covers a diverse set of companies providing products and services to civil and military customers.

Because the companies in this sector work regularly with the federal government and are responsible for national security, governance related issues are of prime importance, and therefore weighted the highest. Environmental and Social factors are weighted equally. The Plus factors add a forward-looking lens.

**Conclusion:** The SLC Management portfolio is well positioned to withstand what we view as current ESG issues and potential forward-looking risks with heightened monitoring and discussion of the lower-scoring holdings.

## AEROSPACE & DEFENCE ESG PLUS STUDY: 16 ISSUERS SCORED

ESG issues identified		Weighting
	<b>Environmental</b> <ul style="list-style-type: none"><li>Greenhouse gas emissions</li></ul>	25%
	<b>Social</b> <ul style="list-style-type: none"><li>Labour management</li><li>Product quality and safety</li></ul>	25%
	<b>Governance</b> <ul style="list-style-type: none"><li>Board strength and diversity</li><li>Pay incentives and ownership structure</li><li>Business ethics/fraud</li></ul>	40%
	<b>Plus</b> Autonomous aircraft/disruptive innovation and shift in consumer preference <ul style="list-style-type: none"><li>Building sustainable products</li><li>Protection against cyber attacks</li><li>Research and development toward clean production</li></ul>	10%



### ADAPTING TO CHANGE – CONTINUOUS DUE DILIGENCE

Markets are ever changing, which is why our approach to managing ESG related risks is dynamic. We regularly examine companies we hold in our fixed income investment portfolios and revisit our ESG methodology at least annually. We make this analysis available to all investment teams for considerations when making investment decisions.

### OUR POSITION ON DIVESTMENTS AND EXCLUSIONS

We don't take a prescriptive view on divestments and exclusions. We also base decisions on our clients' ESG objectives. For example, we have excluded investments tied to both coal and tobacco for specific clients.

ESG factors can often tip the balance in the overall assessment and our decision to buy, hold or sell. However, we know that "change takes time" when it comes to addressing these risks. Many companies must adapt – but they may not be able to meet emissions or other targets overnight. That is why we may not judge companies solely on where they are today. We judge them by where we believe they are heading.

# Investing in *public fixed income*

Managing investment grade public fixed income is at the heart of our continuum of solutions and our clients’ portfolios. Over 90 investment professionals comprise our public fixed income team, which includes a team of credit research analysts organized by sector. Together the teams manage nearly C\$127 billion in public fixed income investments for our clients.

## Our approach

We combine deep bottom-up fundamental research capabilities with a comprehensive understanding of sectors and credit. This includes ESG risk analysis on 100% of our corporate bond assets under management.

Each company we review has a fundamental credit risk rating, which incorporates our ESG views. We analyze both qualitative and quantitative factors.

Portfolio managers vary their approach to ESG risks depending on the mandate. For example, ESG risks may be more important for a long duration bond mandate in sectors impacted by climate change. A shorter duration mandate, with assets that mature in a few years, may be less affected.

We use our ESG analysis to make opportunistic investments in sustainable assets. We also reflect changes in the ESG outlook in our fundamental credit risk views. We may add, suspend or remove companies from our ‘investable list’ or portfolio depending on materiality.

## Monitoring ESG factors

Markets are ever changing and our approach to managing ESG related risks is dynamic. It is a key reason we meet with over 200 corporate bond issuers each year, as management team meetings provide an opportunity to discuss ESG matters relevant to the issuer. We update our ESG view for each portfolio holding at least annually.

- ✓ ESG risk analysis applied to 100% of corporate bond AUM
- ✓ Fundamental credit score incorporates our ESG views as well as a separate ESG rating
- ✓ Client mandate guides ESG risk approach
- ✓ We play offense and defense
- ✓ We meet with over 200 bond issuers a year



90  
investment  
professionals<sup>5</sup>



C\$127B  
public fixed income  
investments



## Richard Familetti

Chief Investment Officer, U.S. Total Return Fixed Income

### 1 How do you factor clients' ESG investment objectives into your decision making?

As a fundamental credit research firm, ESG analysis has always been a critical part of our decision-making process. That said, ultimately decisions are based on our desire to achieve our clients' investment goals in a manner that reflects their values in investing sustainably.

For example, we worked with one of our larger pension plan/LDI clients to rebalance their investment portfolio from any fossil fuel or fossil fuel related investments as part of an ESG/ethical investing mandate. We identified issuers that have this specific exposure in partnership with the client and divested.

Another client wanted to divest its portfolio of tobacco. We worked with them to define those exclusions. We set a minimum revenue exposure threshold of 15%. This meant that we excluded producers of tobacco and companies deriving 15% or more aggregate revenues from distribution, retail and supply of tobacco related products.

We employ a rigorous approach to the monitoring, assessment and reporting of investments to lead to appropriate decisions. Our portfolio managers have full accountability for how investment mandates are performing and as such, monitor market conditions, asset performance and outlook to assess trends and opportunities and revise portfolio holdings as appropriate.

### 2 Do you ever sell or reject certain investments based on governance concerns alone?

Absolutely. Poor governance is a significant risk. In the past two years, we have opportunistically sold our positions in a bank (breach of anti-money laundering laws), a university (failing to report crime statistics, including a series of sexual assaults), and a state (poor governance of pension plan liabilities). Our due diligence process allowed us to sell these positions before any downgrade occurred.

However, an organization's strong governance – even while facing ESG-related challenges – can represent a buying opportunity. For example, we continue to purchase bonds issued by a municipal water and sewer department based on management's proactive planning regarding environmental challenges.

These challenges include the risk of rising sea levels and increased hurricane activity. The municipality has focused on mitigating the risks through diversification of water sources, conservation efforts and hazard mitigation plans.

*For more information, refer to endnote 6.*

# Sustainable investing in action



The trend toward lower-emitting sources of power such as hydro, wind and solar electricity generation continues to increase. Government policies and societal attitudes continue to evolve due to climate change, and de-carbonization policies are tightening. With high pollution emissions, coal remains a major contributor to climate change.

Coal-fired electric power plants could see shortened economic life or become stranded assets. We know it takes time for companies to act on their strategic priorities; therefore, we look carefully their short, medium and long-term targets for reducing their coal exposure.

### OUTCOME

We have sold

 **US\$165M**  
of our holdings, over the course of three years ending 2019.



In 2017, we learned that the city of Ottawa was considering a green bond. At that time, no Canadian municipalities had issued such a bond. With strong interest, we engaged in immediate discussions with the city of Ottawa, who wanted to ensure the bond met green criteria. We sought expert opinions from ESG and corporate governance research and ratings consultants who deemed the Ottawa green bond framework as both robust and credible.

### OUTCOME

We bought

 **20%** of the inaugural C\$102M issue


Ottawa used the proceeds to help achieve emission targets, improve water infrastructure, and finance light rail transit. Due to the success of Ottawa's green bond, many other Canadian municipalities have subsequently issued green bonds furthering sustainability goals at the local level. After the City of Ottawa reopened this issue in 2019, we continued our support with additional purchases.



We were ahead of the curve in terms of assessing the vast scale of money-laundering and poor governance at a large bank. We determined that the pricing of the credit did not reflect the potential issues that lay ahead for the company and declined any purchases of the bank's debt.

### OUTCOME

We continue to avoid this credit

 While we avoid this credit due to governance concerns and uncertainty about the financial implications of ongoing investigations and civil litigation, we continue to assess the strength of this credit each year.



**Opportunistic investing in auto asset-backed securities**

There are many layers to investing in structured products, such as auto asset-backed securities:

- different parties in a transaction; originators, servicers, trustees, controlling interests and collateral
- collateral credit quality varies across sectors; deal structures vary by types of collateral

We assess the parent company (either the originator of the collateral or sponsor of the transaction) and include an assessment of the collateral backing the transaction, the entity servicing the assets and the structure encompassing the deal.

The transportation sector is responsible for a significant amount of carbon dioxide

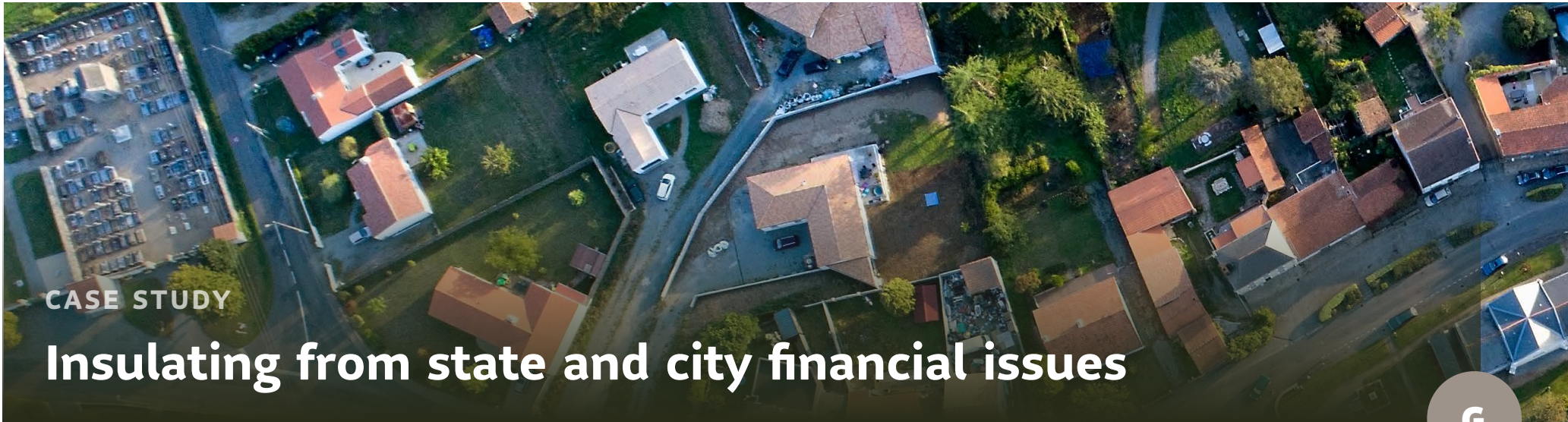
emissions. Production of electric vehicles is high on the agenda of the automobile manufacturing sector, which is moving to less fossil fuel.

The retail auto loan and lease market should grow in support of electric and hybrid vehicles. Combined new vehicle sales in the U.S. (according to the Bureau of Transportation) represented 5% of 2020 sales, while a recent study by Deloitte estimated that the share of electric vehicle sales in the U.S. could reach 27% by 2030. A recent survey conducted by the Structured Finance Association (SFA), indicated only 47% of the participants report an ESG program in place at the Structured Finance Level.

**OUTCOME**



Issuance of auto asset-backed securities backed by electric and hybrid vehicles has been limited to a handful of auto manufacturers who have issued green bonds, and only a few have issued asset-backed securities backed by electric vehicles. While only 25% of our structure securities portfolio is invested in auto asset-backed securities, we look forward to working with issuers to bring more deals to market.



**Insulating from state and city financial issues**

General obligation bonds from certain state and municipal governments may struggle to fund their future liabilities, such as underfunded pension plans and other post-employment benefits.

For example, one particular state and city had strong credit ratings, in the AA rating category, before the 2008 financial crisis. In 2003, the state issued US\$10 billion of pension obligation bonds, the largest in the U.S. municipal market. In addition, both the state and the city were having difficulty balancing their budgets.

Municipal and state credit ratings have been historically slow to adjust to changing circumstances. In this case, we expected the state's credit rating to decline to BBB after the 2008 financial crisis; however, it did not decline until 2015.

We owned 11 general obligation credit holdings in the state. We were concerned about the trajectory of the credits, despite their relatively high credit ratings. Before rating downgrades worsened, we reduced our exposure to these credits opportunistically based on client risk tolerance and price action. Today, we do not own general obligation bonds of either the state or city.

**OUTCOME**



We got ahead of the downgrade and shifted our portfolio to focus on revenue bonds. By targeting revenue bonds, we can still participate in strong investment opportunities within the city and state, but avoid governance issues that may affect credit quality in the future.

Please see endnote 6 for important information about these case studies.

# Investing in *private fixed income*

Our private fixed income team, with over 50 investment professionals, manages more than C\$40 billion in private credit assets. Sustainability is a cornerstone for this team. Of our combined investment in private fixed income assets, 40% (C\$16 billion) is invested in green, social or combined benefits.<sup>7</sup>

## Our approach

Given the illiquid nature of these investments, we place particular emphasis on ESG considerations before the initial investment. We assign an asset credit rating and ESG score to each investment.

As part of our due diligence, we engage with management and engage third-party experts to assess risks including ESG. This information is foundational to our fundamental investment risk analysis and may lead us to invest or not.

Our investment decisions consider several factors alongside ESG. These include the client mandate, investment time horizon, relative value, and credit fundamentals.

As part of regular reporting, we receive updates on key financial and business factors on our private investments. These include relevant ESG considerations. If an ESG issue arises, we engage with the credit’s management team to address it.

## In 2020, we invested more than C\$1.5 billion in sustainable investments

	Number of deals	Investment (C\$M)
Renewable energy	7	\$245
Energy efficiency	9	\$296
Sustainable/green buildings	5	\$316
Clean transportation	1	\$31
Access to essential services	9	\$644

## Sustainable investment areas include:

- 1

Climate solutions

  - Utility scale wind and solar
  - Energy efficiency
  - Residential solar
  - Green buildings
  - Fuel cells
  - District heating
- 2

Essential services for vulnerable populations

  - Long-term care
  - Affordable housing
  - Emergency shelter
  - Hospitals
  - Recovery facilities
  - Basic and higher education



60  
investment professionals<sup>5</sup>

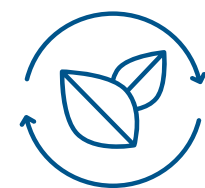


C\$40B  
Private debt assets under management<sup>7</sup>

## Of our combined investment in private fixed income assets:



C\$16B 40%  
is invested in green, social or combined benefits.



C\$9B 22%  
is invested in green investments providing environmental benefits



C\$7B 18%  
is invested in social investments providing essential services for social benefits



## Elaad Keren

Senior Managing Director, Portfolio Manager and Head of Mid-Market Private Debt

### 1 Why is ESG due diligence so important to the private fixed income investment process?

Private fixed income investments require detailed analysis before any initial outlay. The depth and rigor of our analysis is spurred by the illiquid nature of privates and our buy and hold strategy. The private placement process allows us the time and access we need to assess the environmental, social and governance practices and performance of these investments.

Our level of due diligence before any financial commitment is significant. This can involve one-to-one meetings with stakeholders, touring facilities and consulting with independent engineers, asset appraisers, environmental consultants, insurance experts and other professionals to assess the merits of an investment.

### 2 Why is such a high percentage of your investments in sustainable investment categories like green energy?

The private fixed income market is typically project based – new builds, upgrades, and infrastructure. With increasing concerns about ESG issues, governments and public and private organizations are moving forward on sustainability initiatives. In addition, many of these projects align with the United Nations Sustainable Development Goals.

These can represent excellent opportunities for investment, while also furthering global sustainability goals. For this reason, we direct much of our portfolio to these green and social investments.

### 3 How do you monitor ESG factors going forward once you have made the investment?

When we make private fixed income investments, we create protections related to building, operation and performance standards. We monitor continuously to ensure these standards are maintained. In addition, we engage with major stakeholders, including government officials, owners and operators. If issues arise, we leverage our direct and ongoing relationships with management and sponsors to investigate the situation. If need be, we take appropriate action.

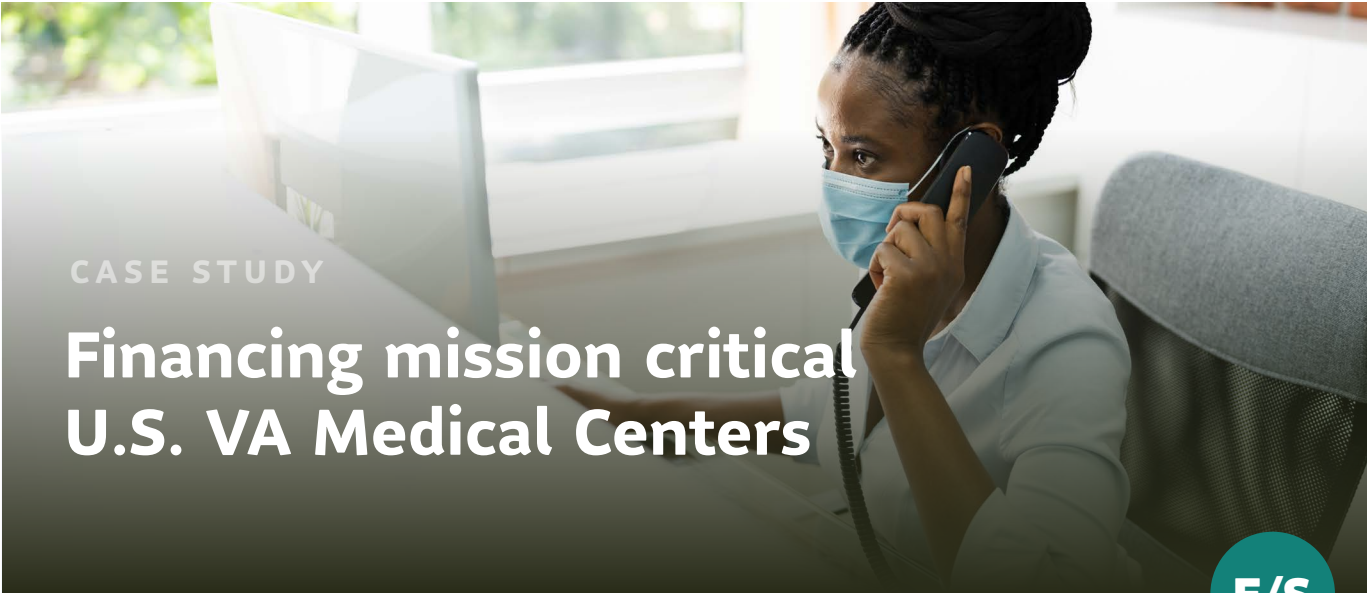
Our investment in the long-term care sector is a good example. We focus on licensed facilities across Canada, which are tightly regulated. However, the COVID-19 pandemic illuminated many long-standing issues in the sector. These included understaffing, health and safety, aging infrastructure and quality of care for residents.

In response, many provincial authorities increased their funding to allow for a higher complement of staffing and higher pay for employees, which in turn was immediately accepted and implemented by the operators.

While we applaud this much needed funding, we continue our heightened focus on the following considerations:

- Enhanced monitoring of the care provided to residents and staff
- Insistence on the maintenance of up-to-date pandemic response plans
- Maintenance of minimal levels of personal protective equipment
- Prohibiting new investment in any obligor whose primary income producing assets is outdated infrastructure.

# Sustainable investing in action



U.S. Veterans Affairs (VA) Medical Centers are “mission critical”. These properties are designed to service the physical and mental health needs of a large population of U.S. veterans. The VA had not received sufficient investment for decades, while their needs continued to grow. The integration of women into combat roles increased privacy demands in the facilities. Dramatic improvements in battlefield medicine allow soldiers and marines to survive previously fatal injuries. The injuries, both physical and mental, are not typical of civilian injuries and require specialized care.

The Centres assign mental health treatment coordinators to all veterans who require this specialty treatment. Coordinators help veterans define and work toward their overall mental health goals and achieve their full potential. More than 1.7 million veterans have received this specialized treatment.

**OUTCOME**



In 2020, we financed the construction and development of built-to-suit community-based medical outpatient clinics and behavioral and mental health clinics for U.S. military veterans. The buildings meet green building certification standards, and serve a critical social purpose in supporting the mental health of U.S. military veterans.



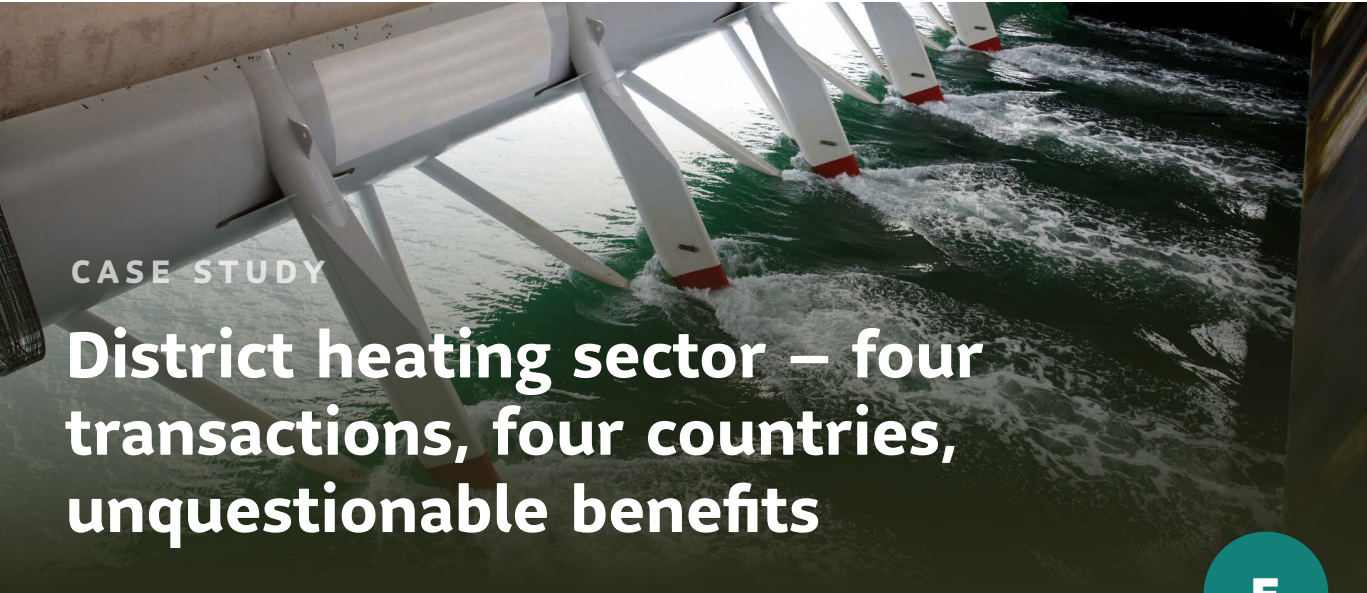
In 2020, we financed a men’s homeless shelter in New York City. The shelter provides social services for men transitioning from the prison system who require assistance with housing, employment, training and sobriety support.

These services are provided through the Doe Fund’s Ready, Willing and Able program. The Doe Fund is a Manhattan-based non-profit organization. In 2019, The Doe Fund sheltered nearly 2,000 tenants in transitional and permanent housing. It provides shelter and onsite support services to homeless individuals at nine locations across Manhattan, the Bronx and Brooklyn. We helped finance one of these shelters, at 520 Gates Avenue.

**OUTCOME**



Our investment in the 520 Gates Centre not only offers an attractive long-term cash flow stream with AA credit quality, it funds an essential service to a vulnerable population, resulting in positive societal benefits supporting services that help break the cycle of homelessness, addiction and recidivism.



Heating demand is the key driver of energy consumption in both residential and industrial sectors. District heating projects, popular in Europe, provide environmentally sustainable heating for residential and non-residential clients. They also provide local industries with heat, steam and related energy solutions.

This asset base is well invested and environmentally sustainable, with most of the production based on renewable energy sources. These include heat pumps, tidal, waste and waste heat. With tightening regulations and the move towards renewable fuels, these district heating companies provide advanced technical solutions, energy efficiency and cost savings. The revenue streams predominantly come from municipalities and industrial partners who have strong credit characteristics.

**OUTCOME**



We have financed four transactions in four countries. We will continue to invest in this sector with unquestionable sustainable benefits.

Please see endnote 6 for important information about these case studies.



CASE STUDY

## From hold to new – energy efficient military base housing

E/S

In 2020, we reassessed potential issues and opportunities in our U.S. military housing portfolio. The vast majority of this long-duration debt was issued in the early-to-mid 2000s.

Private property managers own and operate the housing under long-term ground leases with the government. They receive monthly rental income (in the form of housing allowances) directly from the government. Issues emerged related to a lack of maintenance. Inspections revealed numerous deficiencies, including mold, water leaks, and pest infestation. Lack of oversight, budget stress, and relatively old housing stock were among the causes.

This led to a systemic decline in quality and damaging headline risk. In 2018, we declined to make additional investments in this sector because of these issues. Congressional hearings put a spotlight on the sector and prompted the creation of a Tenant Bill of Rights. Since then, several top military housing property owners have spent considerable resources to improve housing conditions and communication with service member tenants. The response of the government, as well as private property owners, was encouraging. All indications pointed to much greater levels of investment by property owners at the property-level.

### OUTCOME



In 2020, we interviewed former military base commanders to understand the extent of the problem and measures taken to resolve it. We were satisfied that there had been substantial changes in housing oversight at the base level. Based on this research, we agreed to hold our existing positions in this sector and to finance new energy efficiency projects in military base housing.



CASE STUDY

## ESG benefits of investing in renewable energy

E

We have a strong focus on financing renewable electricity generation including wind, solar, and hydro. These assets have a long history of sustainable operations. They contribute to lower emissions, support policy objectives, and greenhouse gas emission reduction targets. We evaluate all potential investments from a sustainability perspective.

Investing in renewable energy projects benefits communities by creating jobs during construction and project operations, and local municipalities with an enhanced property tax base. In some cases, local government or First Nation groups have an ownership interest.

Longer term, the economy benefits. The cost of renewables generation has fallen in recent years and will continue to decline, and is now more competitive with traditional forms of carbon-based electricity generation. Over time, the cost of electricity generation will continue to decline.

### OUTCOME



In 2020, we invested in seven renewable energy projects.

**We hold more than**

**C\$5B**

in renewable power generation investments for our clients and we continue to invest in attractive assets with strong sponsors.



# Advocacy & engagement

SLC Management participates in a number of industry activities in order to bring a strong voice to the discussion around sustainable investing, to continue to increase our expertise in this area, and to help influence positive change. As a Sun Life company, SLC Management and its affiliated businesses are also members of and/or participants of over 25 sustainability-related initiatives, including the following:

## Broader public and industry engagement

### **Principles of Responsible Investments (PRI)<sup>4</sup>**

SLC Management has been a signatory to the PRI since 2014. Our Sustainable Investing Policy sets forth the ESG principles consistent with the PRI, which have always been an integral part of our initial and on-going investment analysis and decision-making. PRI has rated our responsible investing practices “A” in our most recent assessment. All SLC Management affiliate businesses are signatories.

### **The Sustainability Accounting Standards Board (SASB)**

SASB is a non-profit organization created to develop standards for sustainable accounting in capital markets. SASB offers significant education opportunities for its members, including a credential that SLC Management is making available to all its employees.

### **Responsible Investment Association (RIA)**

The RIA is a network of investors and investment professionals who practice and support responsible investments that incorporate ESG factors. RIA’s mandate is to drive the adoption of responsible investing in Canada’s retail and institutional markets.

### **Canadian Coalition of Good Governance (CCGG)**

Representing the interests of institutional investors, the CCGG promotes good governance practices in Canadian public companies and the improvement of the regulatory environment to best align the interests of boards and management with those of their shareholders, and to promote the efficiency and effectiveness of the Canadian capital markets. SLC Management is a member of Public Policy Committee, whose mandate is to develop positions on selected legal and regulatory issues, representing these positions in an effective way to the various regulators and standard setting organizations.

**Climate Action 100+**

Climate Action 100+ is an investor-led initiative that seeks to engage the world’s largest corporate greenhouse gas emitters to take necessary action on climate change. Companies include 100 systemically important emitters accounting for two thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition. To date, more than 575 investors with more than US\$54 trillion in assets under management have signed on to the initiative.

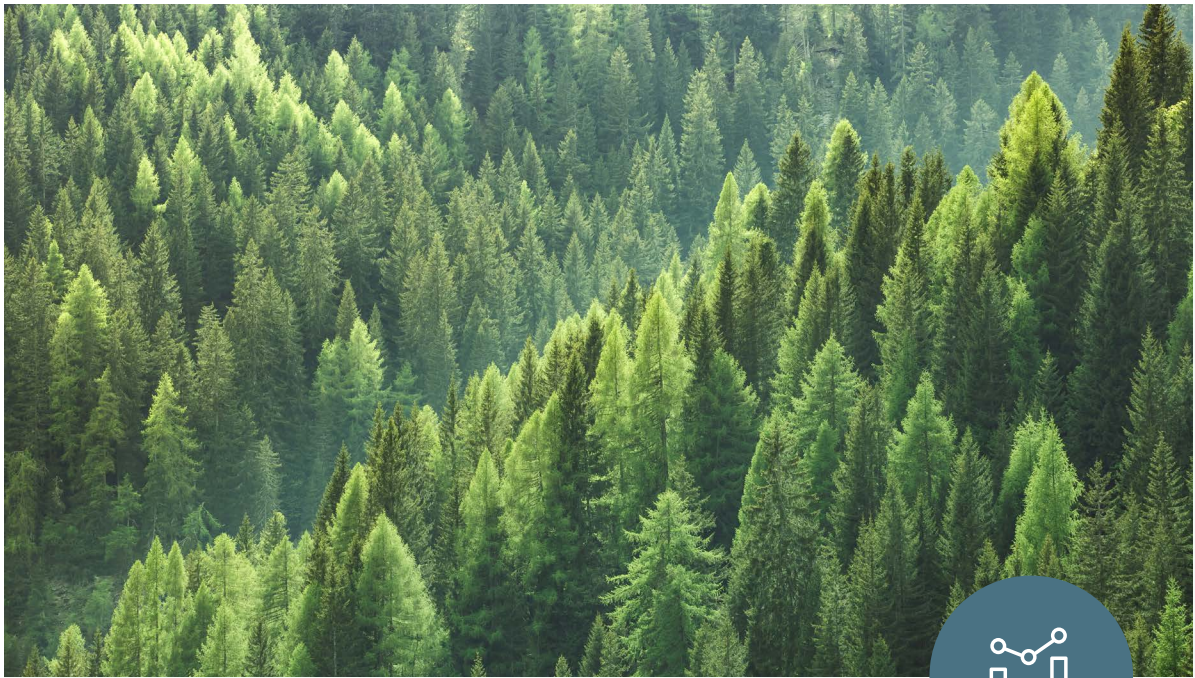
**Climate scenario pilot program**

Throughout 2021, Sun Life is participating in a climate scenario analysis pilot project with the Bank of Canada, the Office of the Superintendent of Financial Institutions (OSFI) and a small group of voluntary Canadian financial institutions. We expect this work to enhance our climate scenario analysis capabilities and our understanding of transition-related risks.



**INVESTING IN INTEGRATED ENERGY**

The **Task Force on Climate-Related Financial Disclosures (TCFD)** is a voluntary framework that makes recommendations for enhancing financial disclosures around how a company identifies, assesses and manages climate related risks. Key requirements of the TCFD fall into four categories: Governance, Strategy, Risk Management, and Metrics and Targets.



**MEASURING CLIMATE RISK – AN EVOLVING SCIENCE**

In addition to our own research, we use data vendors and tools that provide valuable insights related to physical climate risks and carbon intensity.

We recently engaged **Four Twenty Seven**, an affiliate of Moodys. Four Twenty Seven is a leading provider of data on physical risks, including sea level rise, wildfire and flood, among others. Four Twenty Seven provides science-driven risk analytics, which assist us in assessing the economic impacts of climate change.

# Diversity, equity & inclusion

Diversity, equity and inclusion (DE&I) is vital to our success. As a global employer, we live and breathe core values that foster a culture of respect, support and collaboration. As an asset manager, we make DE&I a key component of our ESG approach.




DE&I embedded in our culture of inclusion built on four core values.

- 1 **We are client obsessed.** We build authentic relationships to truly know and understand our clients.
- 2 **We value each other.** We recognize each other and celebrate successes, big and small. We are caring, inclusive and treat each other with respect. We create a safe environment for sharing diverse perspectives.
- 3 **We act with speed.** We prioritize and make decisions quickly. We are agile – we try new things and learn fast to get results.
- 4 **We have an owner’s mindset.** We provide relevant solutions and are committed to investment excellence. We partner across the organization to do what is best for the firm. We strive for excellence and work together to grow our business.

Creating an Inclusive Culture

Inclusive Leadership enhances our collective power and supports our ability to innovate and grow. Our Leaders are accountable for creating a **culture** in which individuals are treated with respect and equality and feel safe to be their authentic selves; building **relationships** with team members, valuing their contributions, and helping them create diverse networks; and equitable **decision making** without bias. During the height of the pandemic, we adapted our Leadership Development Program to help leaders apply these principles in a remote environment.



**ONE OF THE BEST PLACES TO WORK IN MONEY MANAGEMENT**

SLC Management is proud to be one of the [2020 Pensions & Investments \(P&I\) Best Places to Work in Money Management](#). P&I bases the results on a detailed review of our people practices and policies along with feedback from SLC Management U.S. based employees, who contributed to the P&I survey.

**REPRESENTATION GOALS**

Women in managing director or higher roles from



23%

(Q1 2021)

to

40%

by 2025

Underrepresented groups in managing director or higher roles



17%

(Q1 2021)

to

20%

by 2025



**Linda Kong Ting**  
Director, Credit Analyst

- 1 **DE&I is an important part of our ESG investment approach. Can you talk about what that means?**
- 2 **Can you elaborate on your evaluation methods and the types of policies and practices you seek?**
- 3 **What are you doing to promote the DE&I ideal that you envision for the companies in which you invest?**

We consider DE&I with a holistic lens because it drives future growth, value creation and talent acquisition. It is more than numbers and targets. We focus on companies’ policies and practices because equality, belonging, safety, and authenticity are key to how a company performs.

The most common quantitative indicators relate to board diversity, and gender and racial representation. While we can measure these factors, they do not tell the whole story. We look for and assess stated policies on DE&I. For example, does the policy cover vendor/supplier/contractor practices; does it include structured hiring, training, and development practices that promote DE&I; does the entity have a history of DE&I misconduct?

I work with an incredible investment team whose philosophy applies within. Our leadership team has helped to develop a talented group of investment and credit professionals, with diversity by gender, race and background. I am proud to work with people at every level who truly believe that diverse opinions and perspectives give us an edge in the investing process.

Progress starts inside



**SLC Allies Acting for Change** is an important group of business leaders, employees and Human Resources professionals who make recommendations on actions to drive meaningful change across our organization and industry.



**InvestHer Global Alliance** is our employee-led inclusion network, which works to help advance women’s career development within the investment management industry. The team behind InvestHer has had much success by creating opportunities for networking, development, and mentorship.

- Networking opportunities include the innovative speed networking roundtable and virtual book club.
- Professional development opportunities include panel discussions such as the recent SLC Management affiliate business panel where representatives discussed their investment capabilities and processes.
- The Office Hours mentoring program provides mentees access to a mentor pitch book through which they can reach out to one or more chosen mentors to share experiences, and strengthen ties within the SLC community.

Since the group’s launch in 2018, InvestHer’s scope and membership has broadened to include more than 225 members.



**Diversity Dialogues** are employee sessions dedicated to discussing diversity, equity and inclusion and driving meaningful change. They help us get more comfortable having uncomfortable conversations. There have been sessions focused on racial injustice, systemic racism, micro-aggressions and sexism. We have heard from influential and engaging guest speakers as well as our own employees, who have shared their stories.



**Kaleidoscope** is our digital inclusion program that helps employees to immerse themselves in a forum that facilitates learning, discussion, collaboration and engagement on multiple DE&I topics including uncovering unconscious biases that prevent inclusion or fair, equitable treatment. We opened the program in January 2021 for all SLC Management employees. At the end of three months, nearly all (94%) employees were taking part in the learning modules.



“We are on a journey to do better....for our organization, our industry and our communities. We started SLC Allies Acting for change in 2020. Much was happening around us with a global pandemic, and political and social unrest shining a light on intolerance, inequality, and systemic racism. We recognized that we needed to provide a safe environment for employees to share diverse perspectives. I am proud of what we have achieved so far, and excited about continuing the movement. SLC Allies are working together to create awareness and action.

- As part of our journey, we need to know where we are falling short. We are collecting data regularly, both quantitative and qualitative, so that we can learn and adapt, measure our progress and see the cultural shift.
- We are committed to providing development opportunities for underrepresented groups. One example is a leadership program that will focus on the experience of women and habits that can help accelerate their career: breaking through the gender stereotypes, advocating for them, trusting their voice, building alliances etc.
- Finally, we are developing an ‘Allyship Pledge’, to help our employees be true allies, through a program of continuous learning, development and discussion.

We have accomplished a lot, and working together, we can do better.”

**Heather Wolfe**  
Senior Managing Director, Head of Canadian Business Development  
*Chair of SLC Allies Acting for Change*

## Partnering for change

**Bottom Line** is a non-profit organization with regional offices in Boston, Chicago, and New York City. By providing consistent one-on-one support, Bottom Line has helped thousands of first-generation students from low-income backgrounds stay in college, complete their degrees and launch their careers. Almost all students (97%) are from under-represented minority communities.

SLC Management collaborates with Bottom Line to teach, mentor, and hire.

We run virtual information sessions to educate students about the asset management industry. These sessions provide students an opportunity to connect with SLC Management employees and ask questions about their careers and experiences. SLC Management employees also volunteer to mentor students.

In 2021, we were thrilled to hire the first Bottom Line participant into our intern program. Bottom Line will play an increasingly larger role in our hiring process, as we expand our channels for the hiring of diverse candidates.

**The Diversity Project North America** is an initiative started by Nicsa, a not-for-profit trade association striving to connect all facets of the global asset management industry. The Diversity Project North America seeks to drive measurable change for member firms, and for the industry as a whole to evolve toward a more inclusive asset management industry with positive business results.

**Invest In Girls** work with schools, community organizations, corporations and foundations to provide financial literacy and career opportunities in finance to young girls from moderate to low-income backgrounds.

**The CFA Institute’s North America-wide Experimental Partners Program** contributes to the asset management industry development of best practices around Diversity & Inclusion.

Many individuals in Canada face barriers to employment and are stuck in the ‘no experience, no job’ cycle. **Career Edge**, a Canadian not-for-profit organization works to eliminate barriers to employment by connecting Canadian employers to job seekers through a paid contract employment model. Since our partnership launch late in 2020, we have hired five Career Edge candidates in SLC Management Finance and Operations in Canada.



“When targeted racism hits the news, we can feel powerless to act. A common question from SLC Management employees is ‘what can we do to help?’ Participating in Kaleidoscope, our DE&I social learning platform, is one way to contribute, by gradually shifting our perspectives. It teaches us about the small modifications we can each make that collectively have a big impact on the advancement of diversity and inclusion.”

**Candace Shaw**  
Senior Managing Director  
& Deputy Chief Investment Officer  
*Executive Sponsor of DE&I initiatives*

# Our affiliate businesses

SLC Management's global reach and capabilities have grown with the partnerships we have built through our affiliate businesses. While each firm has a unique focus, we share a strong and common commitment to sustainable investing.

In this report, SLC Management features the sustainable investment practices of Sun Life Capital Management's fixed income business and its investment teams. All information, including our investment framework, governance structure and ESG investment process, is limited to our investments in public fixed income and investment grade private credit. More information on our affiliates BentallGreenOak, Crescent Capital Group and InfraRed Capital Partners and their specific sustainable investing strategies is provided in this section.



BentallGreenOak (BGO) is a global investment manager focused on real estate equity and debt (commercial mortgages).

Manages over




**C\$78B**  
in assets

Signatory to the PRI<sup>4</sup>



**A+** Rating

You can learn more about sustainable investing at BentallGreenOak through our [Sustainability Report](#) 

BentallGreenOak recognizes the importance of delivering financial value to clients by creating sustainable spaces in which occupants wish to live, work, shop, and play.

We are empowered by a sustainability mindset in managing risk and delivering enhanced long-term value from the assets we manage.

The buildings we own, manage, and select for commercial mortgage loans become drivers of progress. BGO has a daily commitment to operational efficiency to reduce consumption. In addition, our robust tenant and stakeholder engagement builds community. With one-third of all global emissions originating from the built environment, the collective action of BGO and other real estate managers has consequences that are felt worldwide.

**BGO is proud to have achieved a number of sustainability accomplishments during 2020.**

#### **GRESB<sup>8</sup>**

We have maintained top rankings in the Global Real Estate Sustainability Benchmark (GRESB) for ten consecutive years.

- First in the U.S. Diversified Core peer group for BGO Diversified U.S. Property Fund in the Global Diversified category for GRESB's Resilience Module for multiple funds.
- Second in the Canadian Diversified peer group for the Sun Life General Account.
- Third in the Canadian Diversified peer group and Sector Leader in Developments for BGO Prime Canadian Fund, and in the U.K. Office, Value-Add peer group for West End of London Property Unit Trust (WELPUT).

#### **Fitwel<sup>9</sup>**

- Fitwel Industry Leadership Award – earned for “A New Investor Consensus: The Rising Demand for Healthy Buildings Report.”
- Fitwel Best in Building Health Award – earned for the Most Approved Assets for the Fitwel Viral Response Module.
- Fitwel Champion and Industry Advisor for the Fitwel Viral Response Module.

#### **Canada Green Building Council<sup>10</sup>**

2020 National Green Building Pioneer Award winner for approach to climate adaptation planning (Canada Green Building Council).

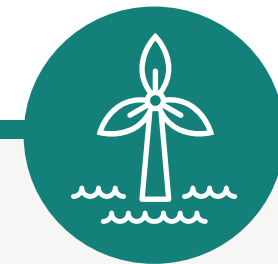
#### **ENERGY STAR<sup>11</sup>**

10 years as ENERGY STAR Partner of the Year Sustained Excellence for leadership in Energy Management.

#### **PREA ESG Award<sup>12</sup>**

2021 Honourable Mention for a Closed-End Fund for West End of London Property Unit Trust.

**In addition, BGO's proprietary Social Impact Assessment Tool launched at over 400 properties, representing more than C\$28 billion in global assets under management.**



InfraRed Capital Partners (InfraRed) is a global investment manager focused on infrastructure and real estate.

**Manages over**



**C\$17B**

of equity capital in multiple private and listed funds, primarily for institutional investors across the globe

**Signatory to the PRI<sup>4</sup>**



**A+** Rating

You can learn more about sustainable investing at InfraRed Capital Partners through our [\*\*Sustainability Report\*\*](#) 

InfraRed invests in real assets with real purpose to create a sustainable future.

InfraRed connects investors looking for long-term stable returns with major infrastructure and real estate projects that provide essential services to communities and societies around the world.

For over a decade, InfraRed has held the belief that a sustainability-led mindset is essential to delivering long-term success for all stakeholders. This mindset has directed InfraRed's assessment and management of the Environmental, Social and Governance ("ESG") impacts across all aspects of its business.

**InfraRed is proud to have achieved a number of sustainability accomplishments during 2020, including:**

- Committing US\$700 million to sustainable investments during 2020. This includes over 1GW of offshore wind generation capacity across four projects.
- InfraRed and the two listed funds support the Task Force on Climate-related Financial Disclosures, demonstrating the firm's commitment to act on climate change through consistent climate-related financial disclosures.

- Certified as a CarbonNeutral® company and will remain carbon neutral as it first reduces, then offsets its future carbon emissions. InfraRed's new London offices received a BREEAM Excellent rating and we achieved a Gold SKA rating for internal fitout.
- We have significantly improved the diversity of our Investment Committee over recent years, while also adding sustainability performance objectives for all employees.
- Allocating £1million to promoting social inclusion, health and well-being through the recently established InfraRed Charitable Foundation.
- In July 2021, InfraRed joined the Net Zero Asset Managers initiative, which is made up of a group of 128 international asset managers representing trillions of dollars in AUM around the world. By joining this initiative, InfraRed has committed to achieving net-zero emissions for its portfolio by 2050 or sooner, and will also set 2030 interim reduction targets for a proportion of its assets under management within the next year.

# Crescent Capital Group LP

CRESCENT



Crescent Capital Group LP (Crescent), a global alternative credit investment manager, is a leading investor in mezzanine debt, middle market direct lending in the U.S. and Europe, high-yield bonds and broadly syndicated loans.

Manages over

 **C\$38B**  
in assets

Signatory to the PRI<sup>4</sup>

 **A**  
Rating for Private Credit

You can learn more about [sustainable investing at Crescent here](#) 

Crescent believes that a thorough analysis of ESG-related issues is essential to understanding a company's long-term sustainability, risk and opportunities and credit quality.

Crescent's investment professionals are responsible for identifying any ESG factors deemed material to the potential performance of the investment.

- **Capital markets group.** Research analysts consider ESG factors for every position US\$15 million or greater – and for some smaller positions deemed material to the portfolio. Crescent factors findings into the overall risk assessment of the issuer and document the information in a credit memorandum along with the Crescent ESG score. We review ESG scores on an annual basis and modify the scores, if necessary, to reflect current ESG views.
- **Private credit groups.** Deal teams incorporate ESG factors into the due diligence process for every investment under final consideration. Investment professionals continuously monitor material portfolio investments for ESG risk developments.

Responses to negative ESG developments can include discussions with management or a private equity sponsor, reducing or eliminating exposure or introducing conditions to credit documentation.

Crescent is in compliance with the European Union's Sustainable Finance Disclosure Regulations, which require all

financial market participants in the EU to disclose information on how they integrate sustainability risks in their investment decision making process.

## DIVERSITY AND INCLUSION IN ACTION

In 2019, Crescent formed the Diversity & Inclusion committee and engaged a D&I consultant to help with our initiatives. We have increased the diversity of our workforce significantly, with women and underrepresented groups now making up:

- 54% of all Crescent employees
- 40% of all Crescent investment professionals
- 37% of Crescent employees at the VP level and higher

## GIVING BACK

Established in 2016, the Crescent Cares Foundation is committed to donating time, expertise and resources to improve the quality of lives of children and families and the neighborhoods where we live and do business. The Foundation has three areas of focus: education, healthcare and community development.

Endnotes

- 1. Total firm AUM includes Sun Life Capital Management, BentallGreenOak, InfraRed Capital Partners and Crescent Capital Group and includes unfunded commitments. AUM for all businesses is as at March 31, 2021 with the exception of Crescent Capital Group which is as at December 31, 2020.
- 2. Sun Life’s Sustainability Plan builds from a foundation as a trusted and responsible business. At its core is a focus on the areas where Sun Life can make the most positive social and environmental impact: increasing financial security, fostering healthier lives and advancing sustainable investing. Sun Life’s Sustainability Plan also focuses on minimizing its environmental footprint, supporting diversity, equity and inclusion in the workplace, data security and privacy, governance and ethics and risk management. In 2019, Sun Life also became the first life insurance company in the world to issue a sustainability bond. To learn more about Sun Life’s Sustainability Report visit [www.sunlife.com/en/sustainability/](http://www.sunlife.com/en/sustainability/). Sun Life has invested C\$60B in sustainable investments as of December 31, 2020.
- 3. The fixed income business refers to Sun Life Capital Management (Canada) Inc. and Sun Life Capital Management (U.S.) LLC. The AUM depicted excludes BentallGreenOak, Crescent Capital Group, and InfraRed Capital Partners
- 4. Principles for Responsible Investment (PRI) ratings are based on six Principles for putting responsible investing into practice. The Principles were developed by an international group of institutional investors and are supported by the UN reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. Ratings are consistent with commitments to the following Principles, incorporating ESG issues into investment analysis and decision-making processes, incorporating ESG issues into ownership policies and procedures, seeking appropriate disclosure on ESG issues by entities in which we invest, promoting acceptance and implementation of the Principles within the investment industry, enhancing effectiveness in implementing the Principles and reporting on activities and progress towards implementing the Principles. Please see the following link for information relating to the methodology of assessment: <https://www.unpri.org/reporting-and-assessment/how-investors-are-assessed-on-their-reporting/3066>. article.
- 5. Investment professionals include Portfolio Managers, Traders, Research Analysts, Portfolio Strategists, and Investment Strategists under Sun Life Capital Management (Canada) Inc. and Sun Life Capital Management (U.S.) LLC.
- 6. The ‘Sustainable investing in action’ case studies throughout the report are for illustrative purposes only. Any reference to a specific asset does not constitute a recommendation to buy, sell or hold or directly invest in it. It should not be assumed that the recommendations made in the future will be profitable or will equal the results of the assets discussed in this document.
- 7. SLC Management’s private fixed income AUM as of 12/31/2020
- 8. Global Real Estate Sustainability Benchmark (“GRESB”) awards are based on GRESB’s assessment of seven sustainability aspects, using 50 real estate related indicators. The assessment includes information on property performance indicators, such as energy consumption, greenhouse gas emissions, water consumption, and waste. Details of the questionnaire and GRESB’s assessment and weighting of responses are available at <https://gresb.com/gresb-real-estate-assessment>.
- 9. Fitwel Best in Building Health Awards are awarded by the Center for Active Design, via Fitwel®, the world’s leading certification system committed to healthy buildings for all. Fitwel Best in Building Health winners are recognized annually for their best-in-class innovations to enhance occupant health and well-being. More information is available at: <https://www.fitwel.org/best-in-building-health>.

- 10.Canada Green Building Council’s National Green Building Pioneer Award recognize organizations that advance green building technology, products, capacity building, policy, design, or operations, and are awarded based on the project or applicant’s vision and innovation, success factors, commitment to sustainability, and impact on industry, employees, competitors, and customers. More information is available at: <https://www.cagbc.org/awards>.
- 11.Energy Star Partner of the Year awards are awarded by the United States Environmental Protection Agency (“EPA”). An Energy Star Partner of the Year Award is the highest level of EPA recognition, reflecting the EPA’s assessment that the partner performs at a superior level of energy management and demonstrates best practices across the organization, proves organization-wide energy savings and participates actively and communicates the benefits of Energy Star. More information is available at <https://www.energystar.com>.
- 12.The Pension Real Estate Association (PREA) Real Estate Investment ESG Awards recognize PREA members that are at the forefront of ESG within real estate investing and provide the real estate industry with examples of ESG best practices. Of these awards, the PREA Closed-End Fund ESG award category recognizes excellence in addressing ESG issues by closed-end real estate funds.

Disclosure

Sun Life is a leading international financial services organization providing insurance, wealth and asset management solutions to individual and corporate Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. For more information, please visit [www.sunlife.com](http://www.sunlife.com). Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under the ticker symbol SLF.

SLC Management is the brand name for the institutional asset management business of Sun Life under which Sun Life Capital Management (U.S.) LLC in the United States, and Sun Life Capital Management (Canada) Inc. in Canada operate. BentallGreenOak, InfraRed Capital Partners (InfraRed) and Crescent Capital Group (Crescent) are also part 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).

BentallGreenOak is a global real estate investment management advisor and a provider of real estate services. In the U.S., real estate mandates are offered by BentallGreenOak (U.S.) Limited Partnership, who is registered with the SEC as an investment adviser. In Canada, real estate mandates are offered by BentallGreenOak (Canada) Limited Partnership, BGO Capital (Canada) Inc. or Sun Life Capital Management (Canada) Inc. BGO Capital (Canada) Inc. is a Canadian registered portfolio manager and exempt market dealer and is registered as an investment fund manager in British Columbia, Ontario and Quebec.

InfraRed Capital Partners is an international investment manager focused on infrastructure. Operating worldwide, InfraRed manages equity capital in multiple private and listed funds, primarily for institutional investors across the globe. InfraRed Capital Partners Ltd. is authorized and regulated in the UK by the Financial Conduct Authority.

Crescent Capital Group is a global alternative credit investment manager. One of the longest tenured credit managers in the industry, Crescent is a leading investor in mezzanine debt, middle market direct lending in the U.S. and Europe, high-yield bonds and broadly syndicated loans.

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The information contained in this report 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. Investors should consult with their professional advisors before acting upon any information contained in this report.

Third party ESG data is an input into our proprietary evaluations of ESG risk. Absent common regulatory ESG standards and definitions, this data may be inconsistent among providers and is subject to change.

This document may present materials or statements, which reflect expectations or forecasts of future events. Such forward-looking statements are speculative in nature and may be subject to risks, uncertainties, assumptions, and actual results, which could differ significantly from the statements. As such, do not place undue reliance upon such forward-looking statements. All opinions and commentary are subject to change without notice and are provided in good faith without legal responsibility.

Unless otherwise stated, all figures and estimates provided have been sourced internally. Firm and asset level assets under management are provided as at March 31, 2021. Crescent AUM as at December 31, 2020.

Sustainable investment data is provided as at December 31, 2020. Currency is provided in Canadian dollars unless otherwise stated.

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