1.0 PURPOSE

The Sustainable Investing Policy (Policy) provides additional direction and guidance regarding SLC Management's sustainable investing philosophy, practices, and governance, as well as clarifying certain terminology.

We believe that successful sustainable investing requires a balance between an investment’s expected return and its specific financial and non-financial risks in the context of a client’s investment objectives.

The purpose of this Policy is to:
1. Establish our approach to sustainable investing to support our clients’ commitments;
2. Outline our framework for the integration of Environmental, Social and Governance (ESG) factors into our investment processes; and
3. Provide clarity around common terminology for SLC Management to better engage with clients, the market and industry.

2.0 SCOPE AND REVIEW FREQUENCY

This Policy applies to SLC Management fixed income operating businesses. Within our asset management businesses, we primarily manage public and private fixed income assets.

This Policy will be reviewed annually at a minimum to determine whether revisions are required due to legal and regulatory developments, changes in the business operations, and/or the risk and control environment.

3.0 DEFINITIONS AND COMMON TERMS

Sustainable investing: Sustainable investing is an investment approach that integrates ESG criteria into investment decision-making with the objective of generating superior risk-adjusted returns for our clients.

ESG Plus: This term refers to the depth and breadth of our internal investment analysis which includes a
heightened consideration of non-financial factors. Although ESG factors are a significant part of our non-financial risk analysis, we believe that these risks and opportunities are far broader than those typically identified under ESG. We attempt to consider these risks, which are beyond what ESG would generally specify, such as, future events that are difficult to quantify and trends that are likely to affect investment returns. For example, factors related to policy and politics, disruptive technology and innovation, and demographic changes are among those we would consider.

ESG Plus Study: The primary research output of our ESG program. These are industry and thematic based analyses of the material ESG Plus factors impacting the value and financial performance of the assets in which we invest. The analyses also reflect our heightened awareness of non-financial risks, and in particular 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 are likely to affect investment returns. We call these the ‘Plus’ factors.

Principles for Responsible Investment (PRI): The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. SLC Management became a signatory to the PRI in 2014.

Engagement: Engagement is the act of constructively working and collaborating with company management teams, regulators, and other key industry stakeholders to understand approaches related to ESG Plus factors and sustainability that enhances the delivery of value for stakeholders through risk mitigation, risk oversight, and risk measurement and reporting.

4.0 GOVERNANCE AND OVERSIGHT

4.1 Sustainability Committee (Committee)

The Committee is composed of senior leaders across SLC Management’s operating businesses, including representatives from our affiliate companies Crescent Capital Group, InfraRed Capital Partners, BentallGreenOak and from Sun Life Global Investments. The Committee is responsible for maintaining this Policy and ensuring compliance on an on-going basis.

The Committee is also responsible for setting our strategic direction related to sustainability and ESG, and sets priorities on key sustainability initiatives across SLC Management. Further, it determines our engagement model, both on industry and company levels, and tracks the success of those initiatives over time.

The Committee will have general oversight on external facing communication strategies and market positioning relating to sustainability and will oversee reporting to industry-related advocacy groups including the PRI among others.

4.2 Sustainable Investment Council (Council)

The Council is a sub-committee of the Sustainability Committee. It is the professional steering body for the investment activities of our organization, representing and working with all asset class teams. It has responsibility for the integration of ESG Plus factors into the investment processes, ensuring that the principles outlined herein guide the investment team’s work. The Council is composed of investment team leaders including the asset class team leaders and portfolio managers, CIO and Head of Credit Research. The Council sets priorities for which themes, and which sectors and their specific industries require deeper analysis.

The Council appoints working teams from the various investment and credit research team members from across the asset classes managed by SLC Management for the development of ESG Plus Studies. In addition to providing a platform for discussion around the approaches to ESG integration, it is a forum in which the
representatives from the different asset classes can regularly discuss issues such as risk management, and industry and company analyses.

5.0 SUSTAINABILITY PROGRAM

5.1 Mission

SLC Management’s mission is to seek to achieve our client’s investment goals in a manner that reflects our conviction that investing with a rigorous analysis of financial and ESG Plus factors generates attractive risk-adjusted returns over time.

Successful investing requires a balance between an investment’s expected return, its specific financial and non-financial risks in the context of a client’s investment objectives.

As a company, we believe in contributing to a sustainable global environment, promoting healthy living, and fostering diversity and social justice. The manner in which our company operates on a daily basis reflects these values.

5.2 Principles for Responsible Investing (PRI)

As signatories to the UN-supported PRI, SLC Management is committed to managing risks associated with Environmental, Social and Governance (ESG) matters. We commit to the following:

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.

5.3 SLC Management Sustainability Guiding Principles

In addition to the PRI, we have identified four sustainable investing principles that guide us in our work as fiduciaries for our clients:

Principle 1: We integrate non-financial risks/issues into our investment decisions to improve the long-term risk-adjusted return on client assets.

We invest sustainably to preserve and enhance the long-term market value and income generation capacity of the assets we manage. In this way, we can improve the expected risk-adjusted return on client assets.

Principle 2: Our sustainability analysis and decision-making is embedded within each investment team and across the disciplines and asset classes

We believe that our investment teams are in the best position to consider and “price” financial and non-financial risks. The coordinated, collaborative efforts of our research and portfolio managers drives our sustainable investing efforts.

Portfolio managers and research analysts across all of our asset classes are responsible for identifying sustainable investing issues. While their approach could vary from investor to investor, for a number of reasons including the objectives of the underlying mandate, asset types, nature of eligible investments, expected
investment holding period, availability of information, etc., it is based on a fundamental ESG assessment.

Our ESG Plus research and associated internal issuer ratings are proprietary and serve to inform our investment decision making.

**Principle 3: We are actively engaged in sustainability initiatives**

We engage and collaborate with the entities in which we invest to improve their sustainability policies and activities, and to seek greater disclosure of sustainability risk metrics.

We also embed sustainability in our business strategies. We can learn from – and contribute to – initiatives that bring interested stakeholders together to share best practices and advance the principles of sustainability. Accordingly, we participate in conferences, organizations, and industry associations that deal with issues of consequence in relation to sustainability, and where we present our perspective in discussions and recommendations.

At all times, we act with the highest level of corporate governance, personal integrity and ethical standards. We also promote a culture focused on future wellbeing, with the belief that a culture focused on sustainability drives better investment decision-making.

**Principle 4: We are transparent in our sustainable investing efforts.**

We report on our sustainable investing practices – and do so clearly and transparently. We report on our sustainability initiatives, commitments, and achievements. We also seek other channels – conferences, media, and industry events – in which to communicate and promote sustainable investing practices.

Moreover, we measure the results of these communications efforts to ensure we are meeting our clients and other stakeholder’s needs and to align our brand with leadership in sustainable investing practices.

**5.4 Non-financial Considerations**

For each industry, we consider the relevant factors within each of the environmental, social and governance and other non-financial risks. The factors may vary, and change over time, and we use our investment expertise along with external guidance from various sources, including the Sustainability Accounting Standards Board (SASB), to determine which factors are most relevant for an industry. Please find examples below. Note that the list is not exhaustive and may include additional factors.

**Environmental (E)**
- Climate change and destruction or stranding of physical property and assets, disruption of workforce transportation of goods to market and supply chains or to key inputs costs in an operating model
- Risk manifested through a general transition away from higher greenhouse gas emitting assets including changing regulation and law
- Toxic output impact on environment (management of pollution and waste) – biodiversity impacts
- Changing availability and cost of insurance to mitigate business risk

**Social (S)**
- Human rights, education standards, labor standards, health and safety
- Community and consumer relations (e.g. displacing indigenous people, environmental justice)
- Company-wide diversity and equality programs
Governance (G)

- Corporate governance, rule of law, transparency and institutional strength
- Government and sovereign stability and geo-political risk
- Company bribery and corruption issues
- Board diversity and independence
- Accounting irregularities/ restatements
- Corporate incentive structures
- Transparency including financial and TCFD reporting quality

Although ESG is a significant part of our non-financial risk analysis, we believe that there are other risks and opportunities (‘Plus’ factors) that are far broader than those typically identified under ESG. We attempt to consider these risks that are beyond what ESG would generally specify, such as, future events that are difficult to quantify, and trends that are likely to affect investment returns.

Non-financial risks/issues may not be able to be quantitatively assessed to a sufficient degree in terms of their impact on an anticipated risk-adjusted rate of return. However, we believe such factors may eventually affect this long-term rate of return, but the nature of these is such that they cannot be reflected in precise financial terms. These risks and opportunities are evolving quickly – often more quickly than society can perceive them – and thus require constant monitoring. Static guidelines for dealing with these risks could easily lead to erroneous investment decisions.

We undertake continuous organization-wide assessment efforts, and adjust our factors as to materiality and impact based on evidence provided by both external research sources and modelling, and our own internal research and experience. Conversely, we seek to take advantage of new technologies/investments that pioneer efforts in sustainability, and present long-term potential.

We also consider controversies that may arise from time to time that could impact customer and other stakeholder behavior.

5.5 ESG Investment Integration

SLC Management has established robust ESG integration capabilities across its global investment platform to ensure that material ESG information is effectively incorporated into investment decisions for the benefit of all clients.

We believe that our investment teams are in the best position to manage ESG and other non-financial risks, and they collaborate across disciplines and asset classes to perform the analysis. Our investment leaders have goals and objectives related to ESG and the support of our program.

The integration approach for each team may vary given the objectives of the underlying mandate, asset type(s), availability of information, as well as the relative importance of other financial factors used in assessing an investment opportunity.

For every investment in our portfolio, either private or public, ESG analysis is performed prior to investing and on an on-going basis.

The core of our ESG Plus framework is the development of ESG Plus Studies to achieve the following objectives:

- Focus on sectors/industries on their unique non-financial risks;
- Document the findings, i.e. material risk factors and considerations;
- Incorporate the identified ESG Plus risk factors into our “normal course” fundamental analysis of individual investments and sectors as a whole.

The ESG Plus Studies are made available to all SLC Management fixed income investment teams.
5.6 Engagement

As an active manager, we believe that engagement is a critical tool to support the investment goals of our clients and is an integral part of our sustainability approach. It is typically conducted by our analyst teams and portfolio managers. Our primary method of engagement is through meetings with company management teams. We set objectives for our engagement activities and prioritize engagement activity based on size and duration of holdings, credit quality, degree of transparency, materiality of ESG risks and opportunities, and priority themes and issues, among other things.

Industry Associations and Collaborative Engagement
SLC Management actively participates where 1) a group’s mission or goals aligns with our overarching sustainability program objectives and/or investing practices 2) where we have a significant investment presence, and 3) where we can effectively work with our peers for knowledge sharing.

6.0 SLC MANAGEMENT CULTURE

Diversity, Equity and Inclusion
SLC Management 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 a number of 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.

Community Engagement and Internal Best Practices
SLC Management actively identifies and organizes community volunteering opportunities, as well as develops internal best practices to reduce waste and improve employee wellbeing.

7.0 EXTERNAL MANAGER SELECTION AND OVERSIGHT

SLC Management has established policies and procedures to facilitate the ongoing due diligence on external managers. The policies outline the scope of initial and ongoing due diligence as it relates to sustainability and ESG. Where possible, we incorporate third party data and metrics to assist in evaluating managers.

8.0 EXCLUSIONS

Our guidelines are not prescriptive in nature allowing for the portfolio manager to manage the portfolio within the client’s guidelines. SLC Management does not have any explicit exclusions applied to the management of client accounts. We will, however, incorporate a client's restrictions (e.g. tobacco, cluster munitions) as directed.

9.0 PROXY VOTING

As a fixed income asset manager, we have fewer opportunities to influence management through proxy votes. SLC Management operating companies have established proxy voting policies, where required, and these policies and associated voting recommendations reflect our views on ESG and incorporate appropriate direction for our voting providers.
10.0 MONITORING AND REPORTING

All ESG Plus Studies are presented to the Council where the findings and conclusions are reviewed and discussed. The Council reviews the material and ultimately approves agreed upon methodologies.

The Committee receives regular reporting on ongoing project work, community service, client mandates and requests, new initiative updates, industry engagements, and other sustainability related matters.

We annually report on our Sustainability efforts which may include progress on our ESG Plus framework and any related outcomes. Performance for our program may include any of the following: progress in terms of coverage of our overall ESG Plus framework, number of engagement initiatives with portfolio companies, education of staff and clients, number of industry events participated, thought leadership and advocacy initiatives, among other areas of development.