SLC Management | SLC Fixed Income

Your purpose is our purpose

2022
Climate Report

In line with the **Task Force on Climate-related Financial Disclosures** (TCFD)

Important information about this report

This report is representative of Environmental, Social, and Governance (ESG) practices generally, which are applied consistent with our fiduciary duty to implement our clients' investment objectives. The relevancy and weighting of ESG-related factors in the investment process depends on the strategy. For example, ESG factors may not be relevant to a strategy designed to replicate an index of securities. Please consult with your SLC Management relationship manager and investment professional to understand how ESG considerations are factored into your customized investment strategy, if at all.

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Our approach

Our approach to climate change

Climate change presents a long-term, structural trend that may impact investment risk and return in a variety of ways across different sectors, asset classes, and geographic regions. Efforts to decarbonize are underway and they will likely continue to expand in the years ahead, but the energy transition will involve trade-offs as the world grapples with energy security and affordability. There are many uncertainties, including the impacts of regulatory and policy changes across jurisdictions, the speed and scale of new technologies, and behavioural changes.

Amidst this uncertainty, we believe there may be investment opportunities presented in the shift to a low-carbon future, such as innovation in areas of mitigation and adaptation. We seek to provide opportunities for our clients to invest in the energy transition, through green infrastructure and renewables.

We take a pragmatic approach, and view climate change from a financial perspective. We believe that taking climate into consideration from an investment risk perspective, where material, will lead to better risk-adjusted returns for our clients over time.

Our approach

Across SLC Fixed Income, our approach to climate change is guided by the following factors:

We view climate change through a financial lens

Our investment decisions are informed by bottom-up analysis, focused on issues that are financially material to each specific issuer. Climate change can present physical risks like droughts and floods, and transition risks like carbon pricing or technology shifts. We continue to add new tools and data sources to provide information that our investment teams can use to navigate the uncertainty of climate change while delivering on our clients' objectives.

We want to support companies through the energy transition

The speed and scale of the energy transition in high-emitting sectors will not be straight-forward. For clients who include climate goals in their investment mandates, we seek to invest in carbon-intensive companies with credible plans to decarbonize. Carbon emissions are a backwards-looking metric—we focus on company plans going forward. When evaluating the credibility of decarbonization plans, we look for actions that deliver real-world reductions from the companies themselves.

We prioritize engagement over divestment

We leverage our involvement in various industry initiatives to engage directly with carbon intensive companies—engaging with companies is an effective way to better understand their strategy to navigate climate risks. We are signatories to the UN-supported Principles for Responsible Investment (PRI) and are members of Climate Action 100+ and Climate Engagement Canada. We joined the Partnership for Carbon Accounting Financials (PCAF), committing to use their framework for measuring and reporting our financed emissions. In 2023, we joined the Institutional Investors Group on Climate Change, working with more than 350 institutional investors from around the world to share learnings on assessing climate risk.

The physical and transition risks of climate change may present considerable uncertainty to the global economy and capital markets. As the manager of our clients' capital, we have a responsibility to understand the material investment risks that climate change presents to our portfolio companies. We leverage third party data sources and internal resources to identify material risks in the companies in which we invest.

Governance

Governance

Our governance approach to managing climate risks that are material for client mandates is two-fold: an overarching sustainability committee comprised of senior leaders, and an investment sub-committee that focuses on monitoring and evaluating climate at a sector and issuer level.

This model provides senior-level accountability for emerging climate issues as well as on-the-ground insights from investment teams on immediate issues impacting investment decisions.

Our governance model helps deepen knowledge on climate and ESG issues across senior leadership, improve communication, clarify responsibilities, and encourage collaboration.

Sustainability Committee

The Committee oversees the direction, priorities, and implementation of sustainable investing initiatives, including climate change, across SLC Fixed Income.

The Committee's mandate includes monitoring regulatory (e.g., OSC, SEC, OSFI) developments; overseeing our industry memberships and associated reporting (e.g., PRI, PCAF); discussing evolving industry practices on ESG and climate; approving policies and procedures related to ESG; and receiving updates on progress towards our clients' and firm mandates and commitments, including to the Net Zero Asset Managers' (NZAM) initiative.

Voting members include the President of SLC Management Canada, Chief Investment Officer and Head of Insurance Asset Management, Head of Credit Research, and the Managing Director of ESG Integration. Non-voting members include ESG Leads from investment teams, legal, marketing and communications, and compliance.

Sustainable Investment Council

A sub-committee of the Sustainability Committee, the Council is responsible for representing and working with all investment teams to integrate material ESG factors where relevant into our investment processes, and is a forum for education and discussion.

Common agenda items include briefings on emerging issues on climate and ESG. Recent presentations covered topics such as the role of nuclear energy in the low-carbon transition, climate lobbying considerations when assessing corporate commitments to climate change, and tracking and monitoring human rights issues in supply chains.

Members include the Chief Investment Officer and Head of Insurance Asset Management, Chief Investment Officer U.S. Total Return, Head of Private Fixed Income, Head of Public Fixed Income, as well as representatives from BGO, Crescent Capital, Infrared Capital Partners, Public and Private Fixed Income and the Sustainable Investing team.

Governance

Climate and ESG Integration

Our governance structure for climate and ESG is focused on collaboration and materiality, in support of our clients' investment objectives.

Sustainability committee

- Investment policies
- Engagement policies
- Progress towards Net Zero targets
- Emerging climate risks/trends
- Discuss client ESG/climate needs

Sustainable investing team

- Net Zero target and strategy support
- Advancing ESG integration across firm
- Tracking, support on issuer engagement
- ESG/climate data and research
- Subject matter expertise on climate, ESG issues as they arise
- Reporting: TCFD, PRI, PCAF, NZAM

Portfolio managers

- Integrating ESG/climate considerations as it relates to client investment objectives

  Ultimately responsible for determining risk/reward on individual investments, reflecting client guidance
- Public Fixed Income
- Private Fixed Income

Sustainability council

- Education/briefings on ESG/climate topics
- Discussion of materiality of climate risks

Net Zero working group

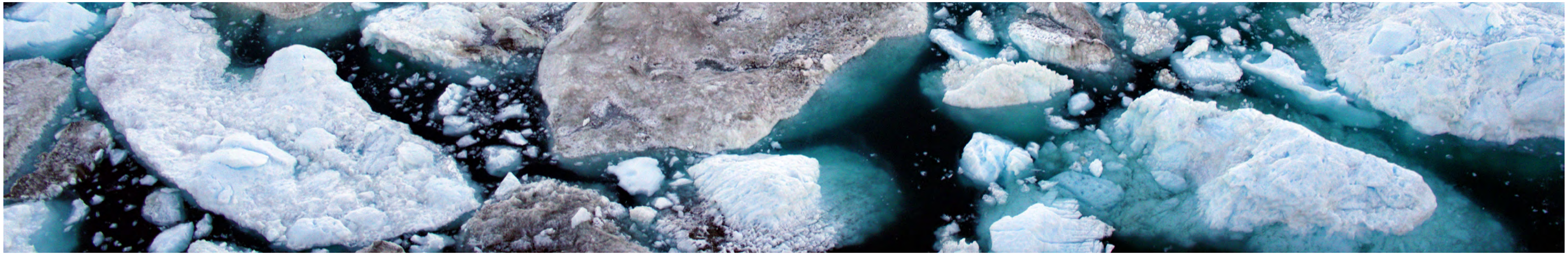
- ESG leads for Public and Private Fixed Income, members of the Sustainable Investment team
- Oversees net zero targets, data, implementation

Credit analysts/Deal teams

- Tracking and assessing climate risks, where material, for issuers
- Engagement with issuers
- ESG+ sector/thematic/technology research groups
- Public Fixed Income: updating ESG+ scores for investable universe
- Private Fixed Income: due diligence and ESG assessments for new investments and monitoring of all existing investments

Strategy

Strategy



Our approach

Our credit analysts conduct bottom-up credit research, identifying and incorporating material climate and ESG risk factors. This information is provided to our portfolio managers to inform investment decisions as it relates to client objectives. We don't take a top-down view on climate and ESG issues—we evaluate each investment individually at the security level.

Our investment teams have deep experience structuring investments within their asset classes. A detailed analysis of every investment opportunity is conducted, both prior to making an investment and on an on-going basis. A disciplined approval framework is applied to all investments.

Investment philosophy	Research and insights	Portfolio decisions and construction	Oversight
We view climate change as a potential long-term structural trend that may impact investment risk and return in a variety of ways across different sectors, asset classes, and geographic regions.	• Specialized, in-depth credit analysis, incorporating ESG factors, across global sectors and issuers. • Thematic research on ESG and climate issues to provide additional insights. • Physical and transition climate risk considerations are incorporated, if material, in ESG assessments.	• Decisions consider several factors including client mandate, investment time horizon, relative value, and credit fundamentals. • ESG considerations are integrated into portfolio construction decisions for certain investment strategies and client mandates.	Long-standing governance and risk management culture includes a disciplined approval and review framework that is applied to all investment decisions.

Strategy

Climate-related investment opportunities

SLC Fixed Income actively invests in opportunities that seek to provide attractive returns across asset classes, including opportunities related to the low-carbon transition, including renewable energy, energy efficiency, green buildings, and enabling infrastructure for renewables. We also invest in green and sustainability bonds and loans. We make these investments consistent with our client objectives including applicable performance expectations.

Supporting clients with net zero goals

In June 2022, SLC Fixed Income signed on to the Net Zero Asset Managers initiative. We plan to work in partnership with our clients to help achieve their goals and objectives consistent with our fiduciary duty to our clients. As a first step, SLC Fixed Income has released interim targets for assets we manage for our parent company Sun Life's investment portfolio, covering listed corporate bonds and listed equities. We intend to expand target coverage over time as data improves and new methodologies for other asset classes become available. These interim targets were approved by NZAM in July 2023.

Our approach for clients with net zero goals is rooted in data quality, transparency, and real-world impact. We believe that our ability to identify companies that have credible transition plans supported by high quality management teams and support them on their journey to net zero will be critical to achieving our clients' targets.

Engagement

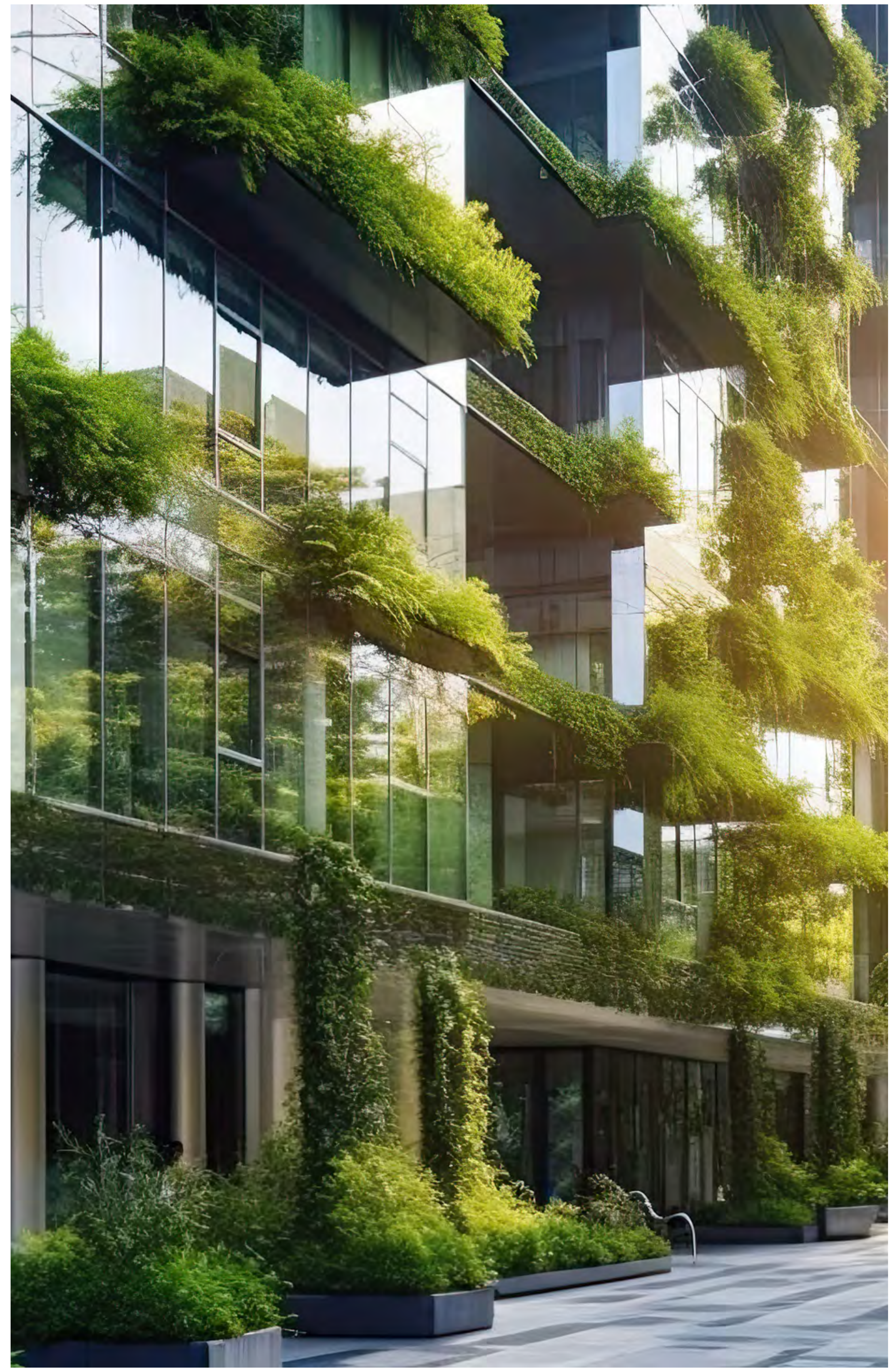
Engagement with company management can be effective, where relevant, in our consideration of climate risks and opportunities for our clients. Engagement allows us to work constructively and collaboratively with company management to better understand their climate disclosures and performance-related factors, and progress towards their goals. As a fixed income asset manager, we generally do not own shares or undertake proxy voting. We participate in Climate Action 100+ and Climate Engagement Canada as they enable us to engage directly on climate risk with issuers.

Climate Data

SLC Fixed Income leverages Moody's Analytics Climate On-Demand to assess physical risk for private assets, and MSCI and S&P Trucost for ESG and climate data to inform assessment of the investment risks posed by climate change within our public fixed income assessment processes.

Examples of data we may utilize include:

- Greenhouse gas (GHG) emissions, carbon intensity, and breakdown by Scope 1, 2, & 3 emissions
- Identification of companies and sectors that are compatible with a well-below 2°C world, in alignment with the Paris Agreement
- Company and asset-level financial impact metrics reflecting the value of financial costs/losses projected due to potential climate hazard exposure



Strategy

Scenario Analysis

As the asset manager for Sun Life's investment portfolio, SLC Fixed Income took part in a pilot project through 2021 on climate scenario analysis with the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI). The scenarios vary in terms of two key drivers of climate transition risk: first, the ambition and timing of global climate policy; and second, the pace of technological change and availability of GHG removal technologies.

Our Public and Private Fixed Income investment teams undertook climate scenario analysis as part of the pilot. Assets being stress tested were Sun Life balance sheet credit exposures (bonds and loans) in carbon intensive sectors. This experience provided us with insights into the level of internal capacity, research, and coordination necessary to provide useful information to investment teams.

Understanding transition risk through financed emissions

To better understand the risks and opportunities investments face in the developing climate transition, we undertook a detailed baseline calculation of our parent company, Sun Life's, financed emissions. Financed emissions can be a proxy for transition risk, which may impact investment performance depending on a client's strategy. SLC Fixed Income joined the Partnership for Carbon Accounting Financials in February 2022 (PCAF) and committed to using the PCAF methodology for financed emissions. Where methodologies existed and data was available, an initial estimate of the 2019 financed emissions for Sun Life's assets was calculated.[1]

In addition, our strategy to better understand transition risk involved an assessment of the companies representing the largest source of financed emissions in Sun Life's listed corporate bonds portfolio.

Working with a third-party consultant, the in-scope top 50 financed emitters were assessed using the Paris Aligned Investor Initiative's Net Zero Investment Framework . Companies were assessed according to factors such as climate targets, quality of disclosure, capital expenditures, and detail of decarbonization plans. The goal was to move beyond a company's carbon footprint and understand which companies have credible plans in place to reduce emissions over time in line with their business objectives—both understanding where companies are today and where they are headed in reducing their transition risk.

For private fixed income, efforts were made to develop an estimate for the financed emissions of private credit portfolios using the PCAF standard and emission factors database. Emissions reporting for private assets is considerably more time and labor-intensive than for public assets due to the lack of reported emissions data available. This exercise enhanced SLC Fixed Income's capabilities to offer GHG reporting to those clients doing baseline or benchmarking analysis across asset classes.

However, this work highlighted the need to provide a range of metrics that fully capture the climate impacts of private assets. We continue to develop our capabilities to provide analysis of climate risks and opportunities that are relevant to private assets.

[1] As measured by carbon emissions to value invested (CEVI).

Strategy

Overview of potential physical and transition risks

The risk of climate change may present systemic risks to the companies in which we invest. Warming temperatures driven by climate change may create an environment conducive to physical risks, such as increasing frequency and intensity of weather events and changing climate patterns. Global responses to move towards a low-carbon economy may create transition risks, as government policies, technology and market demands shift over time. Climate risks can manifest in various ways across different sectors, asset classes, and time horizons.

Risk Category: Physical	Climate-related Risk	Impacts	Time Horizon
Acute physical risk	• Flooding, storms, and forest fires damaging property, transportation, infrastructure • Extreme heat stress	• Business operations disruptions, asset impairment • Loss of revenues due to disruptions to supply chains • Increased costs for recovery, insurance	Short, medium, and long-term
Chronic physical risk	• Sea-level rise, increased coastal and inland flooding • Longer, more intense droughts, heat waves, forest fires	• Asset impairments • Shipping, agriculture disrupted due to water constraints • Increased business and government capex costs for adaptation, resilience • Mass migration	Medium and long-term

Strategy

Risk Category: Transition	Climate-related Risk	Impacts	Time Horizon
Policy & legal risk	• Increasing reporting requirements from regulators on climate risks • Increasing litigation on large emitters for historical emissions	• Increased costs of compliance and operations • Demand destruction • Fines and penalties	Short, medium-term
Market risk	• Decline in demand for carbon intensive products • Increased demand for critical minerals for low-carbon technologies	• Impacted asset values and stranded assets	Short, medium, long-term
Technology risk	• Low-carbon technologies disrupt traditional industries (e.g., electric vehicles)	• Increased cost from implementing new technology • Higher capital costs for emerging technology investments • Industry disruption and impaired asset values	Medium-term
Reputational risk	• Increased stakeholder scrutiny on climate impact and net zero commitments	• Loss of market share due to changing consumer preferences • Increased costs to mitigate climate change/ respond in business model • Loss of license to operate	Short, medium-term

Time Horizons

In the context of assessing climate risk in the short-term, we apply a time horizon of 0-3 years. SLC Fixed Income defines short-term risks as event risks associated with an increase in storms and other localized physical risks associated with climate change. In addition, more companies are developing strategies to transition their businesses to address climate change.

We consider medium-term as 3-10 years. Medium-term risks reflect the point at which climate change risks may grow in importance, companies begin to implement their climate transition plans and valuation/credit quality may begin to be impacted over time. For example, more assets may become stranded as alternative energy sources become more efficient.

We consider long-term as 10+ years. Long-term risks include chronic physical risks and transition of consumer behaviour risks associated with the migration from high-carbon assets; disruptive technologies become operational and may displace certain existing business models; regulatory pressures may heighten as we approach national and international climate targets and goals; and climate change could become more pervasive in disrupting supply chains.

Risk management

Risk management

Identifying and Assessing Climate Risks

From an investment perspective, climate-related risks, where determined material to an industry, are assessed and integrated where relevant when making investment decisions. A number of different analyses can be incorporated into our assessment of climate risks through both stand-alone analysis of physical risks by geographic region and through the assessment of business model and carbon transition risks. Where determined appropriate, monitoring climate-related risks may include acute and chronic physical risks and transition risks related to regulation, legal, technology, market and reputation or consumer preferences.

SLC Fixed Income identifies and assesses climate-related risks through our proprietary ESG research and scoring system. We continue to develop portfolio and risk management tools and research focused on assessing companies' climate-risk exposure and resilience.

For public fixed income, our proprietary ESG scorecards assess companies on ESG risk factors deemed material by sector within our coverage universe. The incorporation of climate-related risks and opportunities depends on the materiality to credit risk for each individual investment. Over 400 corporate issuers were scored using our proprietary ESG scorecards in 2022.

For private fixed income, our investment approval memos include proprietary ESG scorecards that assess relevant climate-related factors. In 2022, more than 900 credits were assessed. These proprietary scorecards vary by asset type (e.g., real estate, infrastructure, securitization) and sector. Investments undergo an extensive pre-investment due diligence process looking at issues of transition risk from sudden policy or market shifts, and the risk of stranded assets.

Examples of climate factors incorporated into our sector-specific scorecards:

Sector	Potential climate factors assessed (but not limited to)
Utilities	• GHG emissions intensity • Decarbonization strategy • Ambition of climate target
Building materials	• GHG emissions intensity • Decarbonization strategy • Ambition of climate target
Energy	• GHG emissions intensity • Decarbonization strategy • Methane reduction strategy • Exposure to water-stressed geographies • Ambition of climate target
Metals & mining	• GHG emissions intensity • Decarbonization strategy • Ambition of climate target • Environmental controversies

Risk management

Management of Climate Risks

SLC Management's Risk Management Framework (RMF) seeks to safeguard and preserve investor capital. The RMF sets out the overarching goalposts for the management of risk across the company. In addition to risks associated with managing investments, it seeks to manage other business-level risks, including those related to operations, people and culture, asset raising, and regulatory requirements, all of which may be impacted by climate change. The RMF elements include risk governance and accountabilities, risk universe, risk appetite and risk management policies. Key pillars of the RMF include:

- **Business and strategy risk management:** This risk category focuses on sales and asset raising, product development and strategic growth levers.
- **Operational risk:** This risk includes systems, people, and processes, including business continuity.
- **Regulatory risk:** This risk encompasses existing and emerging regulations that could impact the management of clients' assets in various jurisdictions.
- **Governance framework:** The management committees provide oversight to various aspects of the investment process including investment performance and risk management. The Sustainability Committee is determined to have primary responsibility for the oversight of climate risk.

Our risk management and compliance personnel work closely with business partners through management committees, projects, and in regular day-to-day interaction to identify, assess and manage business-related and portfolio management risks. These interactions are key to maintaining an effective risk and compliance culture.

Metrics & targets

Metrics and targets

Operational Emissions

Emissions associated with SLC Fixed Income operations are consolidated and are included in our parent company Sun Life's overall emissions reporting. Operational emissions are accounted for as Scope 3 emission sources and are calculated according to the GHG Protocol Corporate Accounting and Reporting Standard, using the financial control approach. For more information on Sun Life's 2022 global greenhouse gas (GHG) emissions reporting, refer to **Sun Life's 2022 Sustainability Report** and **2022 GHG Reporting Methodology**.

Interim net zero targets

As part of signing on to the Net Zero Asset Manager's initiative in June 2022, SLC Fixed Income has developed a set of interim net zero targets that apply to the investment assets we manage for our parent company, Sun Life. These targets are for listed corporate bonds and listed equities.[3]

Collectively, the interim targets cover C$40.78 billion of AUM, which represents 18% of SLC Fixed Income total AUM as of our baseline of December 31, 2019.[4]

Target

Directly-managed Listed Equities: 50% reduction in CEVI by 2030 from a 2019 baseline.

Baseline: 59.3 tCO2e per million dollars invested[5]

Assets in Scope: Sun Life's investment portfolio of directly managed listed equities, with market value of CAD $483.8 million.

Metric: Carbon intensity, using a target metric of carbon emissions to value invested.

Strategy

The target was developed via a bottom-up approach, whereby the projected 2030 GHG emissions reductions for listed equities were calculated based on publicly stated targets made by underlying issuers. Those without targets were calculated as having no change in emissions levels. Many of the listed equities are sub-managed by other asset managers.

Target

Listed Corporate Bonds: A minimum 40% reduction in carbon intensity by 2030, from a 2019 baseline.

Baseline: 82.4 tCO2e per million dollars invested

Assets in Scope: Sun Life's investment portfolio of listed corporate bonds, with market value of CAD $40.3 billion.

Metric: Carbon intensity, using a target metric of carbon emissions to value invested.

Strategy

The target was developed via a bottom-up approach, whereby the projected 2030 GHG emissions reductions for listed corporate bonds were calculated based on publicly stated targets made by underlying issuers. A target of a minimum 40% reduction in carbon intensity was developed, balancing ambitions on climate goals while adjusting for the speed of the transition in hard-to-abate sectors and emerging markets, as well as minimizing cost and excessive divestment concerns. Asset-level guidelines were developed for investment teams to prioritize investments in large emitters that have credible climate strategies.

Target

Listed Corporate Bonds: 65% of the Top 50 financed emitters in material sectors achieving net zero 'aligned' or 'aligning' by 2030.

Baseline: An initial baseline of 2022 holdings found 2% of top emitters were 'aligned' and 34% were 'aligning'.

Assets in Scope: Sun Life's investment portfolio of listed corporate bonds, with a market value of CAD $40.3 billion. The target is on the 50 largest financed emitters in material sectors in the listed corporate bonds portfolio. Material sectors cover utilities (electric, multi, and gas); oil, gas, and consumable fuels; aviation; chemicals; construction materials, and mining.

Metric: The Paris Aligned Investment Initiative's Net Zero Investment Framework

Strategy

A net zero alignment target prioritizes new investment decisions in carbon-intensive companies that have credible plans to decarbonize. This aligns with our investment philosophy of supporting companies through the energy transition. Companies that are not demonstrating progress may see investment exposure reduced or divested.

[2] The targets were approved by the NZAM Initiative in July 2023.
[3] SLC Fixed Income AUM was $227.153 billion as of Dec 31, 2019.
[4] Financed emission values are calculated in alignment with the Partnership for Carbon Accounting Financials (PCAF), Part A Financed Emissions 2nd Edition (2022). Note this figure is not externally assured and may be adjusted in future publications due to changes in the organizational portfolio in addition to improvements in availability, controls, and quality of data. Values are impacted by rounding. The unit tCO2e refers to metric tonnes of carbon dioxide equivalent.

Our way forward

Our way forward

Future work

SLC Fixed Income's priority for 2023 is to expand our climate data and reporting capabilities for clients with climate goals, and to provide enhanced tools for our investment teams to assess climate risks that are material to investment decisions.

TCFD pillars	Activities in 2022	Next steps
Governance	• Expanded Sustainable Investing team to include dedicated roles on climate and ESG data	• Report annually on NZAM commitment and progress • Sustainability Committee to oversee climate risk
Strategy	• Committed to Net Zero Asset Managers' Initiative • Increased climate engagement with large emitters	• Expand client reporting capabilities on carbon footprint
Risk management	• Developed internal ESG dashboard integrating climate data from third-party providers	• Expand net-zero alignment assessment beyond top emitters • Develop quarterly climate risk dashboard
Metrics and targets	• Established interim net zero targets for Sun Life's investment portfolio assets in listed corporate bonds and listed equities	• Review climate data methodologies for sovereign debt • Explore appropriate interim targets for Sun Life's investments for other asset classes

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 several 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. 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 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. BGO, 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).

BGO is a global real estate investment management advisor and a providers 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.

AAM is an independent U.S. retail distribution firm that provides a range of solutions and products to financial advisors at wirehouses, registered investment advisors and independent broker-dealers.

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SLC Management and SLC Fixed Income firm level assets under management are provided as of March 31, 2023. SLC Management firm level AUM represents combined assets of Sun Life Capital Management (Canada) Inc., Sun Life Capital Management (U.S.) LLC., BGO, InfraRed Capital Partners, Crescent Capital Group LP, and Advisors Asset Management Inc. (AAM). Total firm AUM includes cash and other, and unfunded commitments; cash and other includes US$3.5/C$3.4 billion in AAM equity; unfunded commitments are approximately US$22/C$30 billion. Total firm AUM excludes US$37/C$50 billion in assets under administration by AAM. SLC Fixed Income firm level AUM represents combined assets of Sun Life Capital Management (Canada) Inc., and Sun Life Capital Management (U.S.) LLC., and excludes BGO, InfraRed Capital Partners, Crescent Capital Group LP, and Advisors Asset Management Inc.

Sustainable investment data is provided as of December 31, 2022, unless otherwise stated. Currency is provided in Canadian and U.S. dollars unless otherwise stated. Examples of sustainable investment actions and outcomes may include financial data in either USD or CAD depending on the geography of the investment.

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