

SLGI Asset Management Inc.

# Responsible Investing Policy & Procedures

October 2024

## **About SLGI Asset Management Inc.**

SLGI Asset Management Inc. ('SLGI AM') is the investment fund manager and portfolio manager of a suite of managed investment solutions as well as stand-alone investment funds (the Funds). Our managed investment solutions use a multi-manager approach employing sub-advisors from around the globe and are diversified by asset class, geography, investment style, and manager.

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## Introduction

SLGI AM's commitment to Responsible Investing (**RI**) is based on the understanding that environmental, social, and corporate governance considerations can impact the financial performance of our investment portfolios. Integrating these considerations into investment decisions, where relevant, may improve outcomes for investors and advance their long-term interests. Regulatory changes, the risks and opportunities associated with climate change, rising social inequalities, digitization, cybersecurity, and other matters are potential business issues – issues which can have a material financial impact on companies and non-corporate entities. These financial impacts may include higher capital costs, higher operational costs, revenue impacts due to changes in demand or brand recognition, or increased costs due to land and equity rights. We expect that the global environment for companies and non-corporate entities will continue to evolve, facing increasing regulatory, and environmental financial pressures.

## Scope

This Policy outlines SLGI AM's overall philosophy, objectives, and governance approach to RI, focusing on subadvisor selection, engagement and ongoing monitoring of their RI practices. It applies to all employees across SLGI AM, our sub-advisors and stakeholders.

The scope of our RI activities covers most of our managed investment (including Granite Managed Solutions) and stand-alone solutions but does not include all of our multi-strategy funds that use passive or comparable instruments such as ETF's.

## Definitions

### Responsible Investing (RI)

RI is the integration of environmental, social and governance considerations into investment decisions and a proactive approach towards ownership practices where relevant.

### Environmental, Social and Governance (ESG) Considerations

ESG considerations are the environmental, social, and governance factors that our sub-advisors have deemed appropriate to include in the investment decision-making process. Our sub-advisors may use a combination of quantitative and qualitative ESG considerations, spanning multiple themes within the ESG categories, including:

- Environmental themes include energy consumption, pollution and waste.
- Social themes include human rights (i.e. not discriminating on generally accepted prohibited grounds such as gender, ethnicity, age and sexual orientation), community engagement and employee health and safety.
- Governance themes include quality of management, board independence, conflict of interest and executive compensation.

### Stakeholders

Stakeholders include employees of SLGI AM, investors in our Funds, advisors, consultants, regulators, and other organizations.

## **Governance**

### **Board of Directors**

Our Board of Directors provides oversight of SLGI AM's Responsible Investing practices. It reviews policies and procedures surrounding RI, including climate. The responsibility for day-to-day implementation of our RI strategy, however, is delegated to the firm's Leadership Team.

### **Leadership Team**

Our Leadership Team is the governing body of Sun Life's Investment Solutions Business Unit which includes SLGI AM. The Leadership Team meets regularly to review the business operations and oversees the day-to-day management and strategic direction of the business.

### **Sustainability Committee**

SLGI AM established the Sun Life Global Investments Sustainability Committee in 2021 to help set its sustainability priorities and goals, as well as to measure and report on our progress towards those goals. SLGI AM's sustainability priorities include developing RI principles and strategies including those associated with our commitment to the Net Zero Asset Managers initiative, engaging with internal and external stakeholders, monitoring and reporting, and compliance and accountability. The Sustainability Committee is comprised of senior leaders from across key functions of SLGI AM.

The Sustainability Committee is responsible for ensuring that practices in this document are properly communicated, understood, and implemented by relevant functions and employees across SLGI AM.

### **Investment Oversight Committee**

SLGI AM's Investment Oversight Committee, is chaired by the Chief Investment Officer and was created to provide primary oversight of the initial and ongoing due diligence performed on its sub-advisors and underlying fund managers. The Committee's responsibilities include the review and assessment of the RI approach taken by our current and future sub-advisors.

### **Conflicts of Interest**

SLGI AM has policies and processes in place to assist in the identification, review, assessment and mitigation of material conflicts of interest in the best interest of our Funds and our clients. Conflicts of interest can arise in a variety of ways, such as dealing with affiliated entities, related issuers or proprietary products.

### **Review and Approval**

This Responsible Investing Policy is reviewed on an annual basis.

Material changes to the RI Policy will be approved by the SLGI AM's Sustainability Committee, SLGI AM's Investment Oversight Committee, Leadership Team and Board of Directors.

## Approach to Responsible Investing

As a manager of managers, our RI activities are primarily focused on sub-advisor selection and ongoing monitoring of their RI practices. Where appropriate, we expect our sub-advisors to incorporate ESG considerations and adopt proactive stewardship practices they believe are financially material when making investment decisions.

Applying a RI lens to our sub-advisor selection process and ongoing monitoring deepens our knowledge and understanding of each of our subadvisors, offering insight into how they manage capital for us and the rigor they employ in making investment decisions.

### 1. Sub-advisor Selection and Monitoring

#### Selection

Our selection of sub-advisors is at the core of our investment process. We assess potential sub-advisors based on several factors, including organizational resilience, strategic alignment, systems and analytics, and team/resources. Our assessment includes consideration of the sub-advisor's approach to RI and focuses on three key pillars:

1. Their firm-wide commitment,
2. The implementation of ESG considerations as part of their strategy, and
3. Their approach to active stewardship.

Together, these three pillars allow us to better understand where a sub-advisor is on their RI journey. Individually, each pillar can allow us to identify a sub-advisor's strengths and weaknesses as it relates to RI.

#### Monitoring

We monitor our sub-advisors on an ongoing basis as part of our approach to Responsible Investing. In addition, we administer due diligence questionnaires, and annual targeted questionnaires on specific issues (e.g., human rights, proxy voting, etc.). Periodically, we conduct ESG Deep Dives to target specific

issues with each sub-advisor. Our ongoing monitoring helps to deepen our understanding of each sub-advisor's RI practices and ensures we are aware of any changes in a sub-advisors' RI practice.

#### Escalation

We actively engage with our sub-advisors and escalate matters with them as needed, in line with our broader approach to manager research. Given the rapidly evolving landscape of RI practices, regulations, and data, we place emphasis on continuously enhancing our practices and expect our sub-advisors to adhere to the same standards. We also recognize that various investment solutions require tailored approaches, and that sub-advisors may take varied paths to achieve these objectives.

### 2. Ownership Practices

#### A. Stewardship practices of sub-advisors

When a sub-advisor is selected to manage a strategy, SLGI AM delegates proxy voting authority to that sub-advisor as part of our sub-advisor agreement. This means, all proxy-voting, active ownership, and engagements are completed by the respective sub-advisor. However, unique circumstances may arise where SLGI AM will decide to take a different approach to proxy voting. SLGI AM may vote on administrative or administrative-like proxies for a small subset of funds which are typically passive sub-advised strategies.

Each sub-advisor's proxy voting policy and guidelines are reviewed annually as part of SLGI AM's due diligence process to ensure their policies align with those of SLGI AM.

Periodically, as part of our diligence process, we may ask sub-advisors for explanations or case studies on specific proxy votes or individual holdings, particularly for noteworthy holdings or themes. Our goal in doing so is to reinforce:

- Our belief that ESG considerations can be decision-useful,
- Our commitment to RI, and,

- Expectations of our sub-advisors to be proactive where appropriate, and transparent with respect to their proxy voting and stewardship practices.

## **B. Collaborations**

Collaboration with stakeholders can be an important lever in building our own understanding, in strengthening partnerships, and in understanding how we can contribute and potentially collaborate to enhance long-term outcomes.

## **C. Memberships**

Memberships in investor-led initiatives can prove an important tool in accelerating a firm's Responsible Investing journey.

Our memberships include:

- Signatory to The Principles of Responsible Investment effective January 12, 2022;
- Responsible Investment Association ("RIA");
- Net Zero Asset Managers initiative in 2021; and
- Institutional Investors Group on Climate Change (IIGCC) in 2022.

SLGI AM is also a member of the Investment Funds Institute of Canada's ESG/Responsible Investing taskforce, RIA Council, and involved in IIGCC-led working groups.

For more information about RI and the organizations that SLGI AM and Sun Life are connected to, please visit webpage:

<https://www.sunlifeglobalinvestments.com/en/about-us/responsible-investing/>

## **D. Engagement with other stakeholders**

We believe transparency (and promoting awareness, as appropriate) with Stakeholders is just as important as engaging with our sub-advisors.

## **E. Exclusions**

SLGI AM is prohibited from making investments in cluster munitions companies as defined in the Prohibiting Cluster Munitions Act.

Other than as mentioned above, SLGI AM does not currently exclude any other investments. However, some of our sub-advisors may elect to adopt firm-wide and strategy-specific exclusionary policies or minimum guardrails on coal, other fossil fuels, social issues, and more.

## **Principles**

### **1. Embedding material risks and opportunities, where relevant, serves to improve outcomes.**

ESG considerations may materially impact the financial performance of individual securities and should therefore be integrated in the investment process, as and where appropriate.

Incorporating factors such as regulatory change, climate risk and opportunities, and corporate governance can deepen insights, and may have operational and financial implications for a business.

### **2. Proactive stewardship drives change**

We recognize that a solid understanding of company fundamentals, coupled with a solid understanding of relevant sustainability practices, is key to proactive voting and constructive engagement on sustainability matters. We believe this applies to both passively and actively managed solutions as and where appropriate.

### **3. Climate action is critical**

Climate change is one of the most pressing issues of our time, and we all have an important role to play in supporting this significant economic and environmental transition. Signing onto the Net Zero Asset Managers initiative, focusing on engagement instead of divestment, and directing capital towards investment solutions that embed climate-oriented aspects or address climate change are a few ways that demonstrate our efforts in the global fight against climate change.

This document contains information about the internal research processes utilized by SLGI Asset Management Inc. in relation to certain mutual funds for which it acts as investment fund manager and portfolio manager (the Funds). Not all Funds managed by SLGI Asset Management Inc. use the sustainability or ESG investing approaches described or have an ESG related investment objective. Some Funds do not integrate sustainability or ESG considerations into their process. Please refer to the Funds simplified prospectus for further information about each Fund's investment objectives and what, if any, ESG strategies may be used by each Fund.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund's prospectus. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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