



# Loomis Sayles Sustainability Policy

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## INTRODUCTION

At Loomis Sayles, our goal is to deliver superior long-term risk-adjusted returns and effective investment solutions to meet our fiduciary duty to our clients. We believe material environmental, social and governance (ESG) considerations are inherently part of our investment decision making when taking a long-term view in seeking value and directly contribute to our efforts to deliver risk-adjusted returns. We also recognize the importance of these considerations within our corporate operations to our clients, our firm's culture, the global economy, financial markets, and society at large. This policy explains our approach to sustainability at the corporate level as well as the philosophy that informs our investment practices.

## SCOPE

This policy applies to Loomis, Sayles & Company, L.P., Loomis Sayles (Netherlands) B.V. ("Loomis Sayles Netherlands"), Loomis Sayles Investments Asia Pte. Ltd., and Loomis Sayles Investments Limited, collectively referred to as **Loomis Sayles**. Loomis Sayles offers a wide variety of products including Equity, Fixed Income, Multi-Asset, Alternatives, and Private Credit.

This Sustainability Policy outlines key components of Loomis Sayles' approach to ESG integration throughout the organization. This policy is supported by the totality of Loomis Sayles's existing policies, procedures, and guidance documents. The sustainability activities covered in this policy address a range of investment practices undertaken by our diverse investment teams, aligned with a common set of investment pillars. Sustainability is one of these pillars, and a shared Sustainable Investing Philosophy is the centerpiece of a common approach to sustainability at Loomis Sayles.

This document is maintained by the Loomis Sayles Sustainability Team and will be reviewed on an annual basis by the Sustainability Leadership Team.

## BACKGROUND & PURPOSE

Everything we do at Loomis Sayles is borne out of our commitment to achieving our clients' specific and distinct goals through active investment management. This includes assessing financially material environmental, social, and governance risks and opportunities as an integral component of each team's investment process, not an overlay.

Our goal is to be a trusted rational fiduciary partner:

- **Trusted** by our clients, counterparties, and stakeholders to act in a manner consistent with our professed beliefs;
- **Rational** in evaluating risks and opportunities in both the long and short-term;
- A **Fiduciary** that places our clients' interests ahead of our own; and
- A **Partner** working closely with our clients to meet their financial goals.



## INVESTMENT TEAMS

Loomis Sayles strives to be a place where true investors can thrive. Alpha is a rare commodity and we believe there is more than one way to mine it. Our investment teams are part of a unified organization but have the autonomy to pursue alpha in their own distinct ways. The same six pillars underpin all of our strategies.

1. A sound investment philosophy
2. A rigorous, repeatable process
3. Proprietary research
4. Incorporated sustainability factors
5. Integrated risk management
6. Disciplined portfolio construction

Our adaptable culture and deep research expertise nurture each team's individual approach. We believe that in order to authentically integrate sustainability, these factors must be considered by each investment team according to its own investment philosophy and processes. Loomis Sayles' investment teams determine the materiality of these factors in investment decisions.

Crafted by a team of investment professionals representing the spectrum of asset classes across the firm, our Loomis Sayles Sustainable Investing Philosophy was adopted by the Board of Directors. The Loomis Sayles Sustainable Investing Philosophy emphasizes the importance of proprietary research, valuation discipline, engagement, and our client focus in the service of our fiduciary duty in investment decision-making. It is the foundation of our approach to the integration of sustainability at Loomis Sayles.

We support this approach with a robust governance structure that is committed to providing the strategic direction, resources, risk management and oversight necessary to enable our stewardship activities, as outlined in this Policy.

## SUSTAINABILITY GOVERNANCE STRUCTURE

Loomis Sayles views the exercise of proper oversight and the highest standard of conduct to be the underpinnings of good governance. Firm oversight and direction reside with our Board of Directors and our Risk Management Committee. Senior management sets the tone at the top by articulating the organization's strategy and values while maintaining accountability, transparency, and compliance. We made the strategic decision to embed sustainability throughout the organization rather than allocating responsibility for all sustainability related activities to a centralized team. By doing so, we believe we have fostered a culture of shared responsibility and alignment of the firm's sustainability activities across the organization. This is supported by our wider governance arrangements, which ensure effective oversight and reporting of the firm's sustainability activities.



## SUSTAINABILITY TEAM

A seasoned, dedicated Sustainability team is responsible for advancing the firm's sustainability initiatives, supporting sustainability efforts as part of Loomis Sayles' foundational governance structure, ensuring investment teams have access to sustainability data and research, and helping to provide solutions for our clients' increasing sustainability needs. The Chief Sustainability Officer is responsible for leading the Sustainability team and sustainability-related initiatives at the firm. She has direct access to senior firm leadership, including established monthly meetings with the CEO to discuss sustainability matters. Loomis Sayles coordinates all sustainability activities and efforts with its parent organization, Natixis Investment Managers S.A.

## SUSTAINABILITY LEADERSHIP TEAM

The Sustainability Leadership Team is comprised of, among others, the Chief Sustainability Officer, CEO, General Counsel, CIO, COO, Head of Global Distribution, CRO, Director of Credit Research, Head of Global Product Management, Head of Global Product Management for the Growth Equity Strategies team, and Head of Global Communications. The team has scheduled weekly meetings to review the firm's sustainability activity and monitor the progress of sustainability initiatives. The team is responsible for making decisions regarding the allocation of resources, the implementation of initiatives and the selection of tools to support the sustainability initiatives at the firm.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee, chaired by the Chairman & CEO of Loomis Sayles, addresses broad areas of corporate risk. The committee has a standing agenda item to assess alignment with any sustainability related commitments to clients and regulators. It also seeks to identify and monitor potential risks and controversies from climate change and other sustainability matters at the firm level. The Loomis Sayles Investment Risk Management Statement defines the composition and responsibilities of the Risk Management Committee. The Risk Management Committee reports to the Board of Directors on sustainability matters and the monitoring thereof.

## DIVERSITY COMMITTEE

Loomis Sayles's diversity committee is led by our Chief Diversity, Equity and Inclusion Officer, who reports to the CEO. The CEO and Chief Diversity Equity and Inclusion Officer have regularly scheduled meetings to ensure appropriate resources and firmwide commitment is provided. The Diversity Committee is comprised of representatives from the major departments and several Board members. The Committee oversees the firm's efforts on attracting, developing and retaining diverse talent and engaging with all staff to foster a culture of inclusion.



## CHIEF INVESTMENT RISK OFFICER

Each investment team is overseen by its Chief Investment Officer and the Chief Investment Risk Officer (CIRO). The CIRO has responsibility for performing reviews of Loomis Sayles' investment management activities in order to: understand the investment activities of the investment teams; determine if those activities are consistent with the investment styles (the pillars) of the products and firm policies regarding risk or other parameters placed on its investment activities; and report any material investment-related risks to the Loomis Sayles Risk Management Committee, CEO or Board of Directors, as deemed necessary. At the CIRO review, investment team's portfolio positioning with respect to sustainability risks are discussed.

## GIVING COMMITTEE

Includes representatives from various departments. The CEO and Director of Community Investments have regularly scheduled meetings to ensure appropriate resources and firmwide commitment is provided. The Giving Committee meets quarterly to review the firm's ongoing involvement in charitable activities and votes annually on the budget for charitable giving.

## REGULATORY & INDUSTRY COMMITMENTS

We have long recognized the importance of sustainability in our activities. Loomis Sayles participates in the following industry groups, which typically encourage improved and standardized disclosure of ESG risks and opportunities among corporations, issuers and investment managers.

- Signatory, UK Stewardship Code (since 2013)
- Signatory, United Nations-Supported Principles for Responsible Investment (since 2015)
- Signatory, LGPS Investment Code of Transparency (since 2018)
- Member, IFRS Sustainability Alliance Membership (since 2019)
- Member, Transition Pathway Initiative (since 2020)
- Signatory, CDP (formerly Carbon Disclosure Project) (since 2020)
- Signatory, Japan Stewardship Code (since 2024)
- Signatory, FAIRR Initiative (since 2024)

We continually assess and evaluate other groups and initiatives as ways of keeping pace with developments in sustainability practices.

Loomis Sayles operates across multiple jurisdictions and regulatory regimes. For example, certain products fall under the remit of the Sustainable Finance Disclosure Regulation ("SFDR"), and we currently offer several UCITS funds designated as consistent with Article 8 requirements of SFDR. Loomis Sayles operates across multiple jurisdictions and regulatory regimes. For example, certain products fall under the remit of Sustainable Finance Disclosure Regulation ("SFDR") and we



## SUSTAINABILITY INTEGRATION & INVESTMENT ACTIVITIES

currently offer several UCITS funds designated as consistent with Article 8 requirements of SFDR. Also, Loomis Sayles Netherlands acts as an alternative investment fund manager to financial products with underlying credit strategies, as well as a delegated investment manager for third party products. Where required, Loomis Sayles legal and compliance departments work with Natixis (Loomis Sayles's parent organization) and external counsel to comply with the ESG-related disclosures required by the EU SFDR.

Delivering superior, long-term performance and exceptional solutions relies on proprietary, leading research that identifies the current and future risks and opportunities of every investment. This includes assessing financially material environmental, social and governance risks as an integral component of the investment process, not an overlay. Loomis Sayles's investment teams determine the materiality of risks and opportunities associated with ESG factors, which are inherent to investment decision-making and our clients' long-term financial success. Our team's investment decisions are informed by insights drawn from bottom-up research, which have in turn led to the development of the Loomis Sayles Sustainable Investing Philosophy.

### SUSTAINABLE INVESTING PHILOSOPHY

We believe risks and opportunities associated with material ESG factors are inherent to investment decision-making and to our clients' long-term financial success. In service of our fiduciary duty, we believe the best way to consider sustainability is through integration that aims to identify the financial materiality of ESG factors. Integration contributes to our ability to seek value and deliver superior, long-term results.

Our integration model focuses on four key facets:

- **Research:** We believe a proprietary research framework is the best mechanism for identifying and understanding material ESG considerations. Forward-looking ESG analysis, customized data capabilities, curated ESG information and proprietary technology platforms are all critical tools that aid this understanding.
- **Valuation:** As active managers responsible for enhancing returns and mitigating risks, we believe that integrating financially material ESG factors is necessary to fully value securities and understand opportunities and risks. Disciplined portfolio construction requires constant assessment of these considerations at the security and portfolio levels.
- **Engagement:** Engagement is an essential component of our proprietary analysis across all asset classes. Financially material ESG factors are an inextricable part of our engagement. We believe direct engagement promotes transparency, raises awareness of risks and opportunities, and can unlock investment value. Active engagement enhances our ability to



analyze risk and reward potential and informs our forward-looking views. Exercising our proxy voting responsibility is an important component of engagement for our equity strategies.

- **Client Focus:** We believe it is important to meet clients where they are and to offer ideas and tools to help them realize their unique sustainability objectives. As client sustainability preferences evolve, we will continue to be nimble and flexible in providing customized solutions that reflect client-specified goals and values. Our goal is to be a trusted, rational advisor to our clients.

Exclusionary screening of specific sectors, issuers, or themes is only performed where client or regulatory restrictions apply.

## ENGAGEMENT & MONITORING

Engagement is one of the four facets of our Sustainability Integration model as outlined in our Sustainable Investing Philosophy above, and is a major element of our longstanding approach to stewardship. Engagements may occur with current and prospective investee companies, prior to investment and during the holding period. A deep-rooted component to many of our investment teams' processes, engagement is essential both in the research processes used to evaluate companies as well as in each team's ongoing efforts to ensure investee companies are creating long-term value for their investors.

Materiality is the key to developing accurate valuation models and thereby an important factor in prioritizing each investment team's engagement activities. Our focus on materiality is driven by our understanding that engagement on material issues helps us achieve superior long-term investment results. The relevant issues vary from company to company or from one industry to another and are framed in line with each investment team's philosophy and process.

We engage with companies in several ways including external meetings, in-house meetings, phone calls, and emails. The choice of which method to pursue sits with our analysts, based on their judgement of the best path to success, ease of access and the severity of the issue.

To better facilitate more efficient monitoring of each investment team's engagement activity and outcomes, we developed a proprietary Engagement Database. Not only does the application allow each investment team to efficiently and systematically collect and archive all their discussions with company management teams, it enables our ability to meet the growing engagement reporting requirements from our clients, consultants, and other stakeholders. Therefore, we designed the Database such that aspects of our engagements can be categorized by:

- Topic (e.g., environmental, social or governance) and sub-topic (e.g., circular economy, human/labor rights, compensation)
- Meeting results (e.g., progress made, objective met, no improvement)
- Level of seniority (e.g., C-Suite, Head of Sustainability, Board Committee Chair)





This functionality also enables a broader view of our efforts across the firm. We continually assess the capabilities of the Engagement Database according to the engagement tracking and reporting needs and priorities of each investment team.

In certain cases, analysts may choose to escalate their engagement with a company to achieve a desired outcome, by employing more robust means of engagement such as; using another method of communication, involving portfolio managers and/or Sustainability team members to name a few. Typically, our investment teams strive for engagement and escalation over divestment wherever it is in line with the investment strategy, client mandate, and regulatory obligations. The decision to divest, when other methods of escalation are no longer determined productive, lies with our portfolio managers.

Each of the investment teams embeds monitoring and reporting for their investments, which includes regular monitoring of sustainability considerations as appropriate in order to align with its investment philosophy and process as well as to comply with client-driven considerations.

## PROXY VOTING

Exercising our proxy voting responsibility is an important component of engagement for our equity investment teams. The Firm has established official Proxy Voting Policies and Procedures that ensure that proxy matters are handled in the best interests of long-term shareholder value creation. The Proxy Voting Procedures are intended to support good corporate governance, including those corporate practices that address environmental and social issues where they are material to the growth and sustainability of an issuer.

## TRANSPARENCY & REPORTING

We seek to be transparent in our sustainability and stewardship-related activities. In support of this goal, we produce the following reports:

- Firm wide climate disclosures aligned with the recommendations of the Task Force on Climate Related Disclosure (TCFD<sup>1</sup>) is published annually.
- As a signatory to the PRI, we submit an annual Public Transparency Report on our responsible investment integration activities.
- We publish an annual UK Stewardship Code Report documenting our activities aligned towards each of the 12 principles.

<sup>1</sup> As of October 12, 2023 the TCFD has disbanded and transitioned the monitoring of the progress of companies' climate-related disclosures to the IFRS Foundation. The TCFD recommendations have been incorporated into IFRS guidance however companies can continue to use the TCFD recommendations should they choose to do so.



Each investment team creates reports that are relevant to their strategies and their client's sustainability directives. Written reports are generally provided to separate account clients on either a monthly or quarterly basis. For clients who have sustainability requirements, each investment team develops customized data and reporting schedules based on individual client requirements or regulations specific to the mandate.

## TRAINING

Loomis Sayles is dedicated to ensuring investment teams have access to the training required to understand and integrate sustainability practices that are most effective in the context of their investment process'. Training is provided via multiple channels using a mix of internal and external resources. The Sustainability Team coordinates efforts to provide both live training and courses on the Loomis Sayles Learning Portal, a web-based continuing education platform available to all employees on an ongoing basis.

Training is provided through multiple channels throughout the year, for example:

- Employees newly hired are provided dedicated training on sustainability at Loomis Sayles.
- Many investment teams are provided sustainability training on a monthly or quarterly basis on topics such as proprietary system enhancements, ESG data updates, sector analysis, and industry changes.
- The Institutional Services Group schedules ad hoc training at their weekly and annual meetings for relationship management, sales and marketing professionals.

Resources are also made available to support individual educational efforts:

- Trainings on sustainability are made available through the Loomis Sayles Learning Portal.
- Loomis Sayles supports professional training and obtaining industry-related certifications, such as the Chartered Financial Analyst (CFA) Institute Sustainable Investing certificate and Climate Risk, Valuation, and Investing Certificate.

Our mission is to be one of the world's premier active asset management firms, delivering superior risk-adjusted performance to our clients. To achieve this objective, we aim to hire, retain and develop the best and brightest global talent. Our distinct culture prioritizes respect and collaborative decision-making that enables us to Think Broadly and Act Decisively. Attracting and retaining top talent requires us to consider our activities as a corporate entity. We seek to have a positive impact on our employees and the communities in which we live and work.

## CORPORATE, SOCIAL & ENVIRONMENTAL INITIATIVES

We believe in fostering a work environment that is inclusive, supportive, and places the needs of our clients at the core of all our actions. We have introduced a framework to define and encapsulate our Corporate Values – Loomis Sayles IDEALS. The IDEALS represent the core characteristics of



who we aspire to be as employees, colleagues, and trustworthy partners to our clients and global stakeholders. The IDEALS are:

- Inclusive & Diverse
- Dedicated to Teamwork
- Excellent
- Accountable
- Leaders
- Solutions-Oriented

In line with the IDEALS, Loomis Sayles has implemented initiatives to support both Social and Environmental goals.

### SOCIAL INITIATIVES

We believe broad employee inclusion and engagement will be critical to the success of any cultural initiative. We have a Diversity, Equity, and Inclusion (DEI) Strategic framework and focus areas, a DEI committee, a governance model, customized firm-wide diversity trainings/education, active employee resource groups.

Our internship and mentorship programs were designed in-house with the goal of increasing diversity within Loomis Sayles as well as the broader financial industry. They prioritize career development opportunities for candidates who are traditionally underrepresented in the investment management field, including:

- Undergraduate Women's Investment Network (UWIN provides internships and mentorships)
- Undergraduate Summer Internship Development Program (USID is our first generation college internship program)
- Valor (undergraduate military veteran internship program)

Additionally, the firm has established employee resource groups comprised of employees at every level of the organization who represent members and allies of specific underrepresented communities within the financial services industry, such as:

- Women@Work (an ERG supporting women employees)
- MOSAIC (a Multi-Cultural Organization Supporting an Inclusive Community)
- Valor (an ERG for veterans, family and friends of veterans)



Employees lead a number of other affinity groups that support our firmwide IDEALS, such as; LS Pride, Healthy Minds, Allies, Early Career Professionals, Black Community and Autism Support.

Community investments has long been a key component of our culture. Our employees globally give their time and talent to support and grow partnerships within our community organizations. We believe an engaged employee base is critical to building continuity and we select community partners where we expect our funding to have a significant impact. We look to foster engagement with our employees through volunteer opportunities and in many cases the organizations we support provide a vital source of candidates for our USID Program. We seek to partner with organizations that match our IDEALS and reflect the interests of our employees.

Our efforts include:

- Funding Community Partners: Each year, Loomis Sayles sets a portion of its pre-tax income to fund community partners working to improve the lives of individuals and their families in under-resourced organizations.
- The Volunteer Time Off program: awards each of our employees two-business days a year to volunteer at non-profit organizations of their choice.

The firm is also dedicated to identifying, assessing, addressing, and ultimately combatting the risks of modern slavery in the operation of our business and within our supply chain. Loomis Sayles has published a Modern Slavery Statement outlining its efforts in this area.

### ENVIRONMENTAL INITIATIVES

Many of our corporate environmental initiatives are coordinated through the Loomis Sayles Green Council affinity group, comprised of employees from various levels and areas of the organization. The Green Council's mission is to reduce the firm's environmental footprint utilizing a systematic approach that educates our workforce and brings about behavioral changes for a more sustainable and healthier future.

The council seeks to provide tools, education, and initiatives that:

- Identifies opportunities that help reduce the need for single-use items and plastic pollution
- Increases awareness for reducing, reusing, recycling and repurposing
- Encourages best practices for employees when in the office or working remotely
- Motivates and empowers individuals to take accountability for the impact they have on the environment

The firm supports employees in working from home several days a week, and subsidizes the purchase of home office equipment, as well as public transportation commuting expenses.





## SUSTAINABILITY RELATED POLICIES & PROCEDURES

Sustainability considerations are fundamental to Loomis Sayles' governance and are embedded throughout its governance framework. The following documents define controls or otherwise contain content directly related to Sustainability:

DOCUMENT	SUSTAINABILITY CONTENT
Advertising and Marketing Policies & Procedures	Establishes controls to mitigate the risk of misleading or incorrect advertising or marketing material being produced, a direct cause of greenwashing.
Proxy Voting Policies and Procedures	Provides guidance on exercising proxy voting rights in investments.
Sustainability Risk Management Committee Packets	Quarterly report to Risk Management committee on ESG issues and metrics.
Investment Risk Management Statement	Defines parameters of ESG research and how ESG is integrated into the risk management framework.
Loomis Sayles Netherlands Remuneration Policy and Procedures	Includes information on the integration of sustainability risks into remuneration as required by SFDR.
Loomis Sayles Netherlands Sustainable Finance Disclosure Regulation Policy and Procedures	Provides certain disclosures required by the SFDR.
Modern Slavery Statement	Sets forth commitment to identifying, assessing, addressing, and ultimately combatting the risks of modern slavery in business operations and within the supply chain.
Introduction to Loomis Sayles Asia Compliance Manual	Highlights environmental risk management guidelines set out by the Monetary Authority of Singapore (MAS).



Several other documents may not have ESG specific content but are otherwise important to understand the governance framework or otherwise support sustainability efforts at the investment team level. As Loomis Sayles continues to evolve its policies and procedures, the following list should be considered exemplary, not comprehensive.

DOCUMENT	SUSTAINABILITY CONTENT
Client Investment Guideline Compliance Policies	Procedures to implement client requirements in portfolios
Anti-Money Laundering Policies & Procedures	Important element of good governance
Global Sanctions Policies and Procedures	Important element of good governance
Portfolio Pumping and Window Dressing Policies and Procedures	Control to mitigate risks of deceptive practices (anti-greenwashing)
Trade Error and Investment Guideline Breach Policies and Procedures	Control to mitigate risks of deceptive practices (anti-greenwashing)
Cross Trading Policies and Procedures	Control to mitigate risks of deceptive practices (anti-greenwashing)
Review of Investment Company Disclosure Materials Policies and Procedures	Control to mitigate risks of inaccurate or misleading disclosures (anti-greenwashing)
Disclosure Controls Policies and Procedures	Control to mitigate risks of inaccurate or misleading disclosures (anti-greenwashing)
Communication of Material Events Policies and Procedures	Control to mitigate risks of inaccurate or misleading disclosures (anti-greenwashing)
Conflicts Policy	Important element of good governance
Record Retention Policies and Procedures	Important element of good governance
Code of Ethics	Important element of good governance
Controversy Management Framework	Important element of good governance