

Second-Party Opinion



Reviewed by:



SUSTAINALYTICS

Second-Party Opinion Pacific Life Sustainable Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Pacific Life Sustainable Financing Framework is credible and impactful and aligned with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and the Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 4, 6, 7, 9, 11, 12 and 14.



PROJECT EVALUATION AND SELECTION Pacific Life's Sustainable Financing Steering Committee will be in charge of reviewing and selecting projects. The committee is comprised of members from Pacific Life's Institutional Capital Markets Group, Investment Management, Commercial Real Estate, Law Department, Corporate Affairs and Brand Management. The Capital Markets Group will ultimately approve eligible projects. Pacific Life has internal processes to address environmental and social risks commonly associated with the financed projects. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Pacific Life will track allocations through an internal register overseen by its Capital Markets Group, and the register will show an allocation amount equal to the net proceeds for the full term of the sustainable finance instruments. Pacific Life intends to allocate net proceeds within 24 months of each issuance. Pending full allocation, an amount equal to the balance of proceeds will be invested in accordance with the Company's internal liquidity portfolio guidelines or in cash, cash equivalents or US Treasury securities. This is in line with market practice.



REPORTING Pacific Life will provide a standalone annual allocation and impact report on its website on an annual basis until full allocation of each issuance. Allocation reporting will include management's assertion that the use of proceeds complies with the Framework, amounts allocated to eligible categories, amount of unallocated net proceeds and share of financing versus refinancing. Sustainalytics views Pacific Life's allocation and impact reporting as aligned with market practice.

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Issuer Location	Newport Beach, CA United States

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¹ The eligible categories for the use of proceeds are: Green Buildings; Renewable Energy; Energy Efficiency; Sustainable Water and Wastewater Management; Terrestrial and Aquatic Biodiversity Conservation; Clean Transportation; Eco-efficient and Circular Economy-adapted Products, Production Technologies and Processes; Environmentally Sustainable Management of Living Natural Resources and Land Use; Access to Essential Services – Education; and Affordable Housing.

² This Second-Party Opinion updates the Second-Party Opinion provided by Sustainalytics on 26 July 2023.

Introduction

Pacific Life Insurance Company (“Pacific Life” or the “Company”) is an insurance company that provides a variety of life insurance products, annuities and mutual funds to individuals, businesses and pension plans. The Company is headquartered in Newport Beach, California, and has nearly USD 131 billion in assets under management in its investment portfolio as of December 2023.³

Pacific Life has developed the Pacific Life Sustainable Financing Framework dated June 2024 (the “Framework”) under which Pacific Life and its subsidiaries⁴ may issue green, blue, social and sustainability bonds and other instruments, such as senior notes, funding agreement backed notes and funding agreement backed commercial paper notes.^{5,6} Pacific Life and its subsidiaries intend to use the proceeds from these instruments to finance or refinance, in whole or in part, existing and future projects intended to provide environmental and social benefits. The Framework defines eligibility criteria in 10 areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Sustainable Water and Wastewater Management
5. Terrestrial and Aquatic Biodiversity Conservation
6. Clean Transportation
7. Eco-efficient and Circular Economy-adapted Products, Production Technologies and Processes
8. Environmentally sustainable management of living natural resources and land use
9. Access to Essential Services – Education
10. Affordable Housing

Pacific Life engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).⁷ The Framework has been published in a separate document.⁸

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Pacific Life’s management team to understand the sustainability impact of their business processes and planned use of

³ Pacific Life, “Pacific Life Annual Report 2023”, at: https://www.pacificlife.com/crp/public/financials/2023_AR.pdf

⁴ Pacific Life’s subsidiaries also include its affiliates, including Pacific Life & Annuity Company, Pacific Life Global Funding II, and Pacific Life Short Term Funding, LLC. Pacific Life has confirmed to Sustainalytics that it will be responsible for ensuring continual alignment of issuances by its subsidiaries with the criteria defined in the Framework.

⁵ For funding agreement backed notes and commercial papers, Pacific Life has communicated to Sustainalytics that: i) it will only issue secured standard bonds under the Framework, as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021; ii) the Company will ensure that all proceeds will be allocated to credible assets meeting the criteria in the Framework; and iii) there will be no double counting of eligible projects under the secured standard bond and any other outstanding labelled instruments.

⁶ Sustainalytics has reviewed the criteria for just those financial instruments that are specified in the Framework.

⁷ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁸ The Pacific Life Sustainable Financing Framework is available on Pacific Life’s website at: <http://www.pacificlife.com/sustainablebonds>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

proceeds, as well as management of proceeds and reporting aspects of the Framework. Pacific Life representatives have confirmed (1) they understand it is the sole responsibility of Pacific Life to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Pacific Life.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Pacific Life has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Pacific Life Sustainable Financing Framework

Sustainalytics is of the opinion that the Pacific Life Sustainable Financing Framework is credible and impactful, and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings; Renewable Energy; Energy Efficiency; Sustainable Water and Wastewater Management; Terrestrial and Aquatic Biodiversity Conservation; Clean Transportation; Eco-efficient and Circular Economy-adapted Products, Production Technologies and Processes; Environmentally Sustainable Management of Living Natural Resources and Land Use; Access to Essential Services – Education; and Affordable Housing – are aligned with those recognized by the GBP and SBP.
 - Pacific Life has defined a look-back period of 24 months for refinancing activities. Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, Pacific Life may finance or refinance the design, development, construction, materials and equipment, and certification costs of real estate projects that have received or are expected to receive the following third-party certifications: i) BREEAM (Excellent or above);¹⁰ ii) Energy Star (85 and above) for commercial buildings only;¹¹ or iii) LEED (Gold or Platinum).¹² Sustainalytics views the selected certifications as credible and eligibility levels to be aligned with market practice.
 - Under the Renewable Energy category, the Company may invest in the following types of renewable energy projects: i) onshore and offshore wind; ii) solar photovoltaic technology; iii) hydropower facilities; and iv) tidal power.
 - Sustainalytics notes that hydropower facilities will include: i) small-scale run-of-the-river plants; ii) facilities operational before 2019 with a power density greater than

¹⁰ BREEAM: <https://bregroup.com/products/breem/>

¹¹ Energy Star: https://www.energystar.gov/buildings/building_recognition/building_certification

¹² LEED: <https://www.usgbc.org/leed>

- 5 W/m² and iii) facilities that will become or became operational after 2019 with a power density greater than 10 W/m². Sustainalytics further notes that each hydropower project will have an environmental and social risk assessment performed by a third party. Pacific Life has also communicated that hydropower projects associated with significant environmental and social controversies will be excluded from the Framework.
- Sustainalytics considers investments in this category to be aligned with market practice.
- Under the Energy Efficiency category, Pacific Life may finance or refinance projects and technologies to enable the reduction of energy consumption and emissions within the Company's own operations, including:
 - The installation of controls and energy monitoring equipment, retrofits to HVAC systems, lighting retrofits, smart thermostats, efficient reflective roofs and the replacement of hardware at least 30% more energy efficient than existing hardware and certified to be energy efficient, such as through Energy Star.¹³
 - Investments in smart grids and smart metering for the monitoring and optimization of the energy consumption of energy distribution networks, with a focus on solar and wind power penetration. Despite the variety of definitions and applications of smart grid technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages Pacific Life to select projects that are clearly anticipated to deliver tangible efficiency improvements.
 - Pacific Life has communicated to Sustainalytics that technologies that use fossil fuels, such as boilers and smart gas meters will be excluded from the Framework's eligibility criteria.
 - Sustainalytics views investments in this category to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, Pacific Life may finance or refinance the following:
 - Construction and maintenance of municipal wastewater treatment systems, water reuse and recycling activities for rainwater and wastewater. Pacific Life has confirmed to Sustainalytics that the treatment of water from or for fossil fuel-driven processes is excluded from financing under the Framework.
 - Construction of desalination plants powered by renewable energy. Pacific Life has communicated that the Framework limits financing to facilities that have an environmental risk mitigation strategy to ensure appropriate brine disposal.
 - Low-flow fixtures to improve water efficiency.
 - Infrastructure for water capture and storage, as well as conservation and restoration projects to reduce pressure on surface and ground water. Projects financed include:
 - Water capture and storage infrastructure, such as aquifers, rainwater harvesting systems and groundwater recharge systems, as communicated by Pacific Life to Sustainalytics.
 - Conservation and restoration projects limited to green roofs, as per confirmation by Pacific Life.
 - Pacific Life has further confirmed that technology and software that depend on fossil fuels or are applied in hard-to-abate industries will be excluded from financing under this activity.
 - Early warning systems, such as stormwater and floodwater warning systems, as well as infrastructure projects for flood prevention and defence, and stormwater management. Pacific Life has communicated to Sustainalytics that only infrastructure projects subjected to an environmental assessment entailing a vulnerability assessment and an adaptation plan will be financed under the Framework.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Terrestrial and Aquatic Biodiversity Conservation category, Pacific Life may finance or refinance investments aimed at the preservation and conservation of marine mammals, including: i) investments in facilities and infrastructure to preserve marine mammal species and

¹³ The Framework cites specifically Energy Star as a certification that may be used. Sustainalytics considers Energy Star to be a credible standard.

their environment; and ii) investments in projects for the preservation or restoration of coastal and marine landscapes. The Company has further confirmed that use of agrochemicals (herbicides or insecticides) to control or eradicate invasive plants or insects and hunting, trapping, poisoning and culling of vertebrate animals considered as pests will be excluded from financing. Sustainalytics considers investments in this category to be aligned with market practice.

- Under the Clean Transportation category, Pacific Life may finance or refinance electric vehicle charging stations, and clean mass transportation, such as zero-emission electric buses and rail. The Company has communicated that it will not finance parking facilities. Sustainalytics considers investments under this category to be aligned with market practice.
- Under Eco-efficient and Circular Economy-adapted Products, Production Technologies and Processes, the Company may finance or refinance the development, construction, operation and maintenance of collection, sorting and material recovery and recycling facilities.
 - Pacific Life has communicated to Sustainalytics that collection vehicles, if financed, would be either electric or have an emissions intensity below 25 gCO₂/tkm.
 - Pacific Life has further confirmed that all facilities financed will support source segregation of waste. Recycling facilities will support only the recycling of aluminium and the mechanical recycling of plastic.
 - Material recovery facilities will include waste-to-energy generation using mixed residual waste and segregated recyclables prior to incineration. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, the composition of residual waste is a crucial consideration for such projects to have low emissions intensities, particularly fossil carbon content. However, Sustainalytics also notes that energy from waste can offer a better residual waste management option than landfills in many cases due to constraints on recycling in many parts of the world. Sustainalytics recommends Pacific Life to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.
 - For recycling and material recovery facilities, Pacific Life has confirmed to Sustainalytics that plastics, rubber and tire-derived fuels will not be incinerated for energy or fuel conversion.
 - Sustainalytics considers investments in this category to be aligned with market practice.
- Under Environmentally Sustainable Management of Living Natural Resources and Land Use, Pacific Life may finance or refinance the following expenditures:
 - Agriculture and fisheries assets certified by USDA Organic,¹⁴ EU Organic,¹⁵ Marine Stewardship Council (MSC)¹⁶ or Rainforest Alliance;¹⁷ and forestry assets certified by the Forest Stewardship Council (FSC),¹⁸ Programme for the Endorsement of Forest Certification (PEFC)¹⁹ or Sustainable Forestry Initiative (SFI).²⁰ The Company has communicated to Sustainalytics that agricultural assets financed under the Framework will exclude industrial livestock units.
 - Climate-smart inputs, such as biological crop protection and drip-irrigation. The Company has communicated to Sustainalytics that the climate-smart inputs will not be implemented on industrial-scale livestock units.
 - Preservation and restoration of natural landscapes. Pacific Life has communicated to Sustainalytics that the reforestation projects will use tree species that are well adapted to site conditions and only projects supported by a sustainable management plan certified to FSC or PEFC will be eligible under the Framework.

¹⁴ USDA Organic: <https://www.usda.gov/topics/organic>

¹⁵ EU Organic: https://agriculture.ec.europa.eu/farming/organic-farming/organic-logo_en

¹⁶ MSC: <https://www.msc.org/standards-and-certification/fisheries-standard>

¹⁷ Rainforest Alliance: <https://www.rainforest-alliance.org/for-business/2020-certification-program/>

¹⁸ FSC: <https://ca.fsc.org/ca-en/what-is-fsc/fsc-certified-forests>

¹⁹ PEFC: <https://www.pefc.org/standards-implementation>

²⁰ SFI: <https://forests.org/>

- Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Access to Essential Services - Education category, Pacific Life may finance or refinance student loans and the development of infrastructure for the provision of child, youth or adult education and vocational training services. Target populations include youth and students from under-represented communities,²¹ people with disabilities, rural populations^{22,23} and low-income households.²⁴
 - For all student loans under the Framework, Pacific Life intends to ensure accessibility and affordability by financing student loans that offer income-contingent repayment options. Sustainalytics highlights the mechanisms to alleviate credit constraints for students. Pacific Life has communicated to Sustainalytics that it has processes to mitigate the risk of predatory lending. For additional details, see Section 2.
 - For the provision of educational and vocational training services, Pacific Life will finance private and public education facilities. Eligible private facilities will be free or subsidized for the target population to ensure access regardless of ability to pay.
 - Based on the above, Sustainalytics considers investments under this category to be socially impactful.
 - Under the Affordable Housing category, the Company may finance or refinance projects that offer rentals for multifamily housing to households that earn less than 80% of the area median income (AMI) and households that earn less than 120% of the AMI for properties located in high-cost areas.^{25,26} Pacific Life has confirmed to Sustainalytics that eligible projects will have rent caps in place to ensure that rent does not exceed 30% of the household income levels. Although social finance related to affordable housing typically focuses on income earners at 80% of AMI or lower, Sustainalytics recognizes the potential positive impacts of expanding housing options for middle-income households in high-cost markets and therefore considers the thresholds selected to be aligned with good practice.
 - Pacific Life has provided a list of activities excluded from financing under the Framework. Sustainalytics views the exclusion of activities that have potential negative environmental or social impacts, such as activities related to the exploration, production or transportation of fossil fuels, to further strengthen the Framework.
- Project Evaluation and Selection:
 - Pacific Life's Sustainable Financing Steering Committee will be responsible for reviewing and selecting eligible projects. The committee is composed of members from Pacific Life's Institutional Capital Markets Group (CMG), Investment Management, Commercial Real Estate, Law Department, Corporate Affairs and Brand Management, . The CMG will be responsible for providing final approval.
 - Pacific Life has adopted internal processes to address environmental and social risks commonly associated with the financed projects. For additional details, see Section 2.
 - Based on the governance structure with cross-divisional membership, Sustainalytics considers Pacific Life's evaluation and selection process to be in line with market practice.
- Management of Proceeds:

²¹ The Framework identifies under-represented communities as Black, Brown and Latinx communities.

²² Defined per the USDA Rural Development Standard as areas where the population size is 50,000 people or fewer. Factors include distance from metropolitan areas, federal agency funding flexibility, limitations in the range of economic activities supporting the local economy and overall local resource availability.

US Department of Agriculture, "What is Rural?", at: <https://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/what-is-rural/>

²³ College students from rural backgrounds accumulate 60% more student debt by the age of 25 compared to those in suburban and urban areas. This gap is 25% larger than the debt disparity between men and women. As a result, two-thirds of students most burdened by debt leave rural areas within one year of entering repayment.

Rhodes, A. (2021), "Student Debt and Geographic Disadvantage: Disparities by Rural, Suburban, and Urban Background", *Rural Sociology*, at:

<https://onlinelibrary.wiley.com/doi/10.1111/ruso.12403>

²⁴ Defined as households that earn under 80% of the area median income (AMI).

²⁵ Households earning under 80% and 120% of the AMI are defined by the US Department of Housing and Urban Development.

US Department of Housing and Urban Development, Office of Policy Development and Research, "Income Limits", at:

<https://www.huduser.gov/portal/datasets/il.html>

²⁶ High-cost areas are defined by the HUD and Federal Housing Finance Agency.

US Department of Housing and Urban Development, "Mortgagee Letter 2023-07", (2023), at:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-07hsgml.pdf>

- Pacific Life will track allocation of proceeds through an internal register overseen by the CMG. Pacific Life intends to allocate net proceeds within the first 24 months of issuance. The Framework specifies that the payment of principal and interest on eligible financing will be made from the Company's general funds and will not be directly linked to any eligible projects' performance.
- Pending full allocation, an amount equal to the balance of proceeds will be invested in accordance with the Company's internal liquidity portfolio guidelines or in cash, cash equivalents or US Treasury securities.
- Based on the use of a formal ledger and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Pacific Life will provide a standalone annual allocation and impact report to be renewed until the full allocation of each issuance. The report will be made publicly available on Pacific Life's website.
 - Allocation reporting will include management's assertion that the use of proceeds complies with the Framework, amount allocated to projects presented in aggregation based on eligible categories, amount of unallocated net proceeds and share of financing versus refinancing. Pacific Life will also disclose one or more examples of eligible assets financed, in whole or in part, by the proceeds obtained from proceeds, including general details (brief description, location and stage, i.e. construction or operation) for each eligible category where feasible and subject to confidentiality considerations.
 - Impact reporting will include, where feasible, metrics such as: i) green building certifications and the total number of buildings certified; ii) renewable energy procured and produced (in MWh); iii) emissions avoided or reduced (in tCO₂e); iv) energy savings (in MWh); v) volume of water consumption avoided or reduced; vi) miles protected from bottom trawling; vii) number of students or youth receiving education support; and viii) rental costs compared to the national or regional rent index.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Pacific Life Sustainable Financing Framework aligns with the four core components of the GBP and SBP.

Section 2: Sustainability Strategy of Pacific Life

Contribution to Pacific Life's sustainability strategy

Pacific Life's sustainability commitments focus on four key environmental and social pillars: i) people; ii) communities; iii) customers; and iv) environment. Pacific Life's commitment to sustainability is supported by its Environmental Policy²⁷ and the Responsible Investment Policy.²⁸

Pacific Life's environmental efforts focus on the monitoring and mitigation of external environmental impacts, investing in companies that advance the transition to clean energy, reporting on scope 1 and 2 GHG emissions as per the TCFD recommendations annually from 2022, promoting environmentally friendly behaviours in the workplace, and emphasizing investments in environmental projects, such as energy efficiency and renewable energy.²⁹ Additionally, Pacific Life has invested USD 16.9 billion in assets related to socially responsible efforts in underserved and low-income communities, including USD 1.8 billion committed toward renewable energy investments, such as solar, wind, natural gas, geothermal and hydro energy.³⁰ Pacific Life is committed

²⁷ Pacific Life, "Environmental Policy", (2022), at: <https://www.pacificlife.com/home/privacy-and-other-policies/environmental-policy.html>

²⁸ Pacific Life, "Pacific Life's Responsible Investment Policy", (2022), at: <https://www.pacificlife.com/home/corporate-social-responsibility/responsible-investment-policy.html>

²⁹ Pacific Life, "Environmental Policy", (2022), at: <https://www.pacificlife.com/home/privacy-and-other-policies/environmental-policy.html>

³⁰ Pacific Life, "Annual Report 2023", at: https://www.pacificlife.com/crp/public/financials/2023_AR.pdf

to spend USD 6 million on financial security and education initiatives through 2029, and has invested USD 17.9 million in the preservation and conservation of marine mammals and ocean health, as of 2023.³¹

Sustainalytics is of the opinion that the Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's actions on its key environmental and social priorities. Nonetheless, Sustainalytics encourages Pacific Life to develop quantified and time-bound targets related to its activities to support its sustainability strategy, and publicly disclose and report on its progress towards these goals.

Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the proceeds from instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues related to: i) emissions, effluents and waste generated in construction; ii) land use and biodiversity loss associated with large-scale infrastructure development; iii) occupational health and safety; iv) community engagement, v) business ethics and predatory lending. Sustainalytics notes that Pacific Life plays a limited role in the development of projects and the assets being financed, but it remains exposed to risks associated with projects it may finance by offering financial services.

Sustainalytics is of the opinion that Pacific Life is able to manage or mitigate potential risks through the implementation of the following:

- In relation to its investment practices, Pacific Life has a Responsible Investment Policy³² through which it incorporates ESG factors into the decision-making process. This is done by collecting ESG data and developing a score for all potential investments, monitoring the scores on an ongoing basis and excluding investments that do not meet its ESG criteria. Pacific Life further monitors climate risk for all existing and future investments and provides disclosures in line with the TCFD recommendations.
- Sustainalytics notes that the eligible projects financed under the Framework will be primarily located in the US which has laws and regulations to address some of the above risks. For example, the Resource Conservation and Recovery Act guide the management of hazardous and non-hazardous waste,³³ and the Occupational Safety and Health Act of 1970 requires employers to provide employees with safe and healthy working environments.³⁴
- To address risks related to large-scale infrastructure development such as waste generated during construction, land use and biodiversity issues, occupational health and safety and community engagement, Pacific Life follows all the environmental legislation and regulations in the jurisdictions where it operates, under its Environmental Policy.³⁵ Pacific Life has confirmed to Sustainalytics that it has processes to ensure that the financed projects comply with applicable environmental as well as health and safety laws. As part of its due diligence processes, Pacific Life verifies entitlements and zoning approvals and conducts wetland surveys where relevant. The Company further requires investees to conduct environmental assessments prior to construction or development, have ongoing monitoring to identify and mitigate risks as well as have a proper disposal of construction waste.
- Regarding community engagement, the Company has communicated that it has internal guidance and procedures to mitigate community relations-related risks.
- Pacific Life has adopted a Code of Conduct³⁶ that mandates ethical behaviour among its employees regarding conflicts of interest, anti-bribery, fraud or theft, fair dealing, confidentiality of information and anti-competitive practices. Pacific Life has communicated to Sustainalytics that for financed projects, it has know your customer processes.
- Pacific Life has communicated that it has a process in place to mitigate and manage risks related to predatory lending, which includes ensuring that the Company and its subsidiaries comply with all

³¹ Ibid.

³² Pacific Life, "Pacific Life's Responsible Investment Policy", (2022), at: <https://www.pacificlife.com/home/corporate-social-responsibility/responsible-investment-policy.html>

³³ US Environmental Protection Agency, "Regulatory Information by Topic: Waste", at: <https://www.epa.gov/regulatory-information-topic/regulatory-and-guidance-information-topic-waste>

³⁴ US Department of Labor, "OSHA of 1970", at: <https://www.osha.gov/laws-regs/oshact/toc>

³⁵ Pacific Life, "Environmental Policy", (2022), at: <https://www.pacificlife.com/home/privacy-and-other-policies/environmental-policy.html>

³⁶ Pacific Life, "Code of Conduct", (2022) at: https://www.pacificlife.com/content/dam/pacliife/crp/public/compliance-and-ethics/codeofconduct_external.pdf

consumer finance protection laws and regulations in all jurisdictions where it operates. The Company has further communicated to Sustainalytics that it does not have a formal responsible lending policy, but it is committed to ensuring transparent terms and conditions when originating or investing in student loans under the Framework.

- The US is also recognized as a Designated Country by the Equator Principles, indicating the presence of robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities.³⁷

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Pacific Life has adequate measures to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the SBP and GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of green buildings in the US

In 2022, the buildings sector accounted for 34% of global energy demand and 37% of the total energy and process-related CO₂ emissions.³⁸ In the US, buildings were responsible for 36.9% of the country's total energy consumption, with the residential and commercial buildings sectors representing 19.7% and 17.2% of energy consumption, respectively, in 2023.³⁹ Furthermore, in 2023, residential and commercial buildings accounted for 34% of the US' total CO₂ emissions from energy consumption.⁴⁰

Under its Nationally Determined Contribution to the Paris Agreement, the US has committed to reducing GHG emissions by 50-52% by 2030 versus a 2005 baseline and achieving carbon neutrality by 2050.⁴¹ As part of this commitment, the US federal government announced the Climate Smart Buildings Initiative in August 2022, which aims to bring in more than USD 8 billion of private-sector investments in energy efficiency projects and achieve up to 2.8 million tonnes of GHG emissions reductions annually by 2030.⁴² In 2023, the US Department of Energy announced that it will award up to USD 22 million in funding to accelerate building upgrades.⁴³ Furthermore, the White House announced in 2021 the launch of the Building Performance Standards Coalition in part to support energy-efficient buildings.⁴⁴ In order to achieve energy innovation in the buildings sector, the Department of Energy has also designed the Better Buildings Initiative to encourage public and private organizations to improve the energy efficiency of their portfolios through a series of programmes and partnerships.^{45,46}

Based on the above, Sustainalytics is of the opinion that the eligible projects financed under the Framework have the potential to contribute to the reduction of emissions from the built environment in the US and more broadly to the country's GHG emissions reduction targets.

³⁷ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

³⁸ Global Alliance for Buildings and Construction, "Global Status Report for Buildings and Construction – Beyond Foundations", (2024), at: https://wedocs.unep.org/bitstream/handle/20.500.11822/45095/global_status_report_buildings_construction_2023.pdf?sequence=3&isAllowed=y

³⁹ US Energy Information Administration, "How much energy is consumed in U.S. building?", (2024), at: <https://www.eia.gov/tools/faqs/faq.php?id=86&t=1>

⁴⁰ US Energy Information Administration, "U.S. CO₂ emissions from energy consumption by source and sector, 2023", (2023), at: https://www.eia.gov/totalenergy/data/monthly/pdf/flow/CO2_emissions_2023.pdf

⁴¹ US Department of Energy, "U.S. Nationally Determined Contribution", (2021), at: <https://www.energy.gov/policy/articles/us-nationally-determined-contribution>

⁴² The White House, "FACT SHEET: White House Takes Action on Climate by Accelerating Energy Efficiency Projects Across Federal Government", (2022), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/03/fact-sheet-white-house-takes-action-on-climate-by-accelerating-energy-efficiency-projects-across-federal-government/>

⁴³ US Department of Energy, Office of Energy Efficiency & Renewable Energy, "U.S. Department of Energy Announces the Buildings Upgrade Prize ", (2023), at: <https://www.energy.gov/eere/articles/us-department-energy-announces-buildings-upgrade-prize>

⁴⁴ The White House, "FACT SHEET: Biden-Harris Administration Launches Coalition of States and Local Governments to Strengthen Building Performance Standards", (2022), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/01/21/fact-sheet-biden-harris-administration-launches-coalition-of-states-and-local-governments-to-strengthen-building-performance-standards/>

⁴⁵ US Department of Energy, "Better Buildings Initiative", at: <https://betterbuildingssolutioncenter.energy.gov/>

⁴⁶ US Department of Energy, "Better Buildings Programs & Partners", at: <https://betterbuildingssolutioncenter.energy.gov/partnerships>

Importance of affordable housing investments in the US

Approximately 653,100 people in the US in 2023 were homeless, an increase of 14.2% in people experiencing unsheltered homelessness from 2020.⁴⁷ The lack of affordable housing is a major issue particularly for low-income renters, who are often one financial shock away from homelessness.⁴⁸ Approximately 11 million renter households in the US have extremely low incomes, while only 7.3 million affordable homes are available to them.⁴⁹ The shortage of affordable housing forces many low-income households to rent homes beyond their affordability, making them severely cost burdened.⁵⁰ According to the National Low Income Housing Coalition, 11.7 million renter households spend more than 50% of their income on housing costs, and 69% of these severely cost-burdened renter households were extremely low-income households in 2022.⁵¹ The lack of affordable housing further leads to negative social outcomes across multiple other dimensions of daily life, as families and individuals are compelled to make trade-offs between spending on rent and other essentials, such as food, healthcare and transport.⁵²

The US has implemented measures to address the severe housing shortage in the country. In 2024, the US federal government announced the allocation of USD 214 million under the US Housing Trust Fund, an annual grant to states to produce and preserve affordable housing for households with extremely low and low income, to increase affordable housing supplies.^{53,54} In addition, under the American Rescue Plan of 2021,^{55,56} the federal government has invested USD 63 billion across the State and Local Fiscal Recovery, Homeowner Assistance Fund and Emergency Rental Assistant programmes as of October 2023. The funds are aimed at improving eviction and foreclosure prevention efforts, maintaining housing stability and expanding the supply of affordable housing.⁵⁷

In this context and considering the eligibility thresholds used by Pacific Life, Sustainalytics is of the opinion the affordable housing projects financed under the Framework have the potential to create a positive social impact among the target populations in the US.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Pacific Life Sustainable Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

⁴⁷ US Department of Housing and Urban Development, "The 2023 Annual Homeless Assessment Report (AHAR) to Congress", (2022), at: <https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf>

⁴⁸ US Department of Housing and Urban Development, "Worst Case Housing Needs: 2021 Report to Congress", (2021), at: <https://www.huduser.gov/PORTAL/sites/default/files/pdf/Worst-Case-Housing-Needs-2021.pdf>

⁴⁹ National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes", (2024), at: <https://nlihc.org/gap>

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2021", at: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁵³ The White House, "FACT SHEET: Vice President Harris Announces \$5.5 Billion to Boost Affordable Housing, Invest in Economic Growth, Build Wealth, and Address Homelessness in Communities Throughout America", (2024), at: <https://www.hudexchange.info/programs/htf/>

⁵⁴ US Department of Housing and Urban Development, "Biden-Harris Administration Announces \$5.5 Billion in Grants for Affordable Housing, Community Development, and Homeless Assistance to Drive Economic Growth", (2024), at: https://www.hud.gov/press/press_releases_media_advisories/HUD_No_24_103

⁵⁵ The White House, "American Rescue Plan", (2021), at: <https://www.whitehouse.gov/wp-content/uploads/2021/03/American-Rescue-Plan-Fact-Sheet.pdf>

⁵⁶ US Department of Housing and Urban Development, "HUD Announces \$5 Billion to Increase Affordable Housing to Address Homelessness", (2021), at: <https://archives.hud.gov/news/2021/pr21-055.cfm>

⁵⁷ US Department of the Treasury, "FACT SHEET: New Treasury Department Data Illustrates How American Rescue Plan Resources Are Expanding Access to Affordable Housing and Keeping Families in their Homes", (2023), at: <https://home.treasury.gov/news/press-releases/jy1812>

Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Terrestrial and Aquatic Biodiversity	14. Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Eco-efficient and Circular Economy-adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Environmentally Sustainable Management of Living Natural Resources and Land Use	14. Life below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Access to Essential Services: Education	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Housing	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

Pacific Life has developed the Pacific Life Sustainable Financing Framework under which the Company and its subsidiaries intend to issue green, blue, social and sustainability bonds, senior notes, funding agreement backed notes and funding agreement backed commercial paper notes and other financial instrument, and use of proceeds to finance projects intended to provide environmental and social benefits. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Pacific Life Sustainable Financing Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers the Framework to be aligned with the overall sustainability strategy of the Company and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 4, 6, 7, 9, 11, 12 and 14. Additionally, Sustainalytics is of the opinion that Pacific Life has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Pacific Life is well positioned to issue green, blue, social and sustainability bonds, senior notes, funding agreement backed notes and funding agreement backed

commercial paper notes, and that the Pacific Life Sustainable Financing Framework is robust, transparent and in alignment with the four core components of Green Bond Principles 2021 and Social Bond Principles 2023

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