

## **PRINCIPLES FOR RESPONSIBLE INVESTING POLICY**

### **I. Introduction**

New York Life Investment Management LLC (“New York Life Investments”) provides a broad array of investment advisory services to third-party institutional clients, investment companies, other pooled investment vehicles, and wrap fee programs sponsored by unaffiliated entities, through its Multi Asset Solutions Group (“MAS”), Separately Managed Accounts Group (“SMA Group”), and mutual fund division.

As an institutional money manager, New York Life Investments has a fiduciary duty to act in the best interest of its clients. We believe that integrating environmental, social, and governance (“ESG”) criteria into our investment processes is vital to the long-term performance potential of the assets we manage. In conjunction with these beliefs, New York Life Investments is a signatory of the Principles for Responsible Investment (“PRI” or “Principles”). PRI believes that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole. The PRI works to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; fostering good governance, integrity and accountability; and addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

### **II. Policy Statement**

The PRI provides a framework for incorporating ESG considerations into investment and ownership practices. In becoming a PRI signatory, New York Life Investments commits to the following six aspirational Principles where consistent with our fiduciary duty to clients:

- We will incorporate ESG issues into investment analysis and decision-making processes, as appropriate.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

### **III. ESG Integration**

New York Life Investments recognizes that applying the Principles may better align investors with broader objectives of society. MAS offers asset allocation and multi-asset advisory services typically through fund-of-funds, customized separate accounts, model portfolio delivery or multi-manager structures, while our SMAs and mutual funds are subadvised by affiliated and unaffiliated institutional asset managers (collectively “Subadvisers”).<sup>1</sup>

New York Life Investments, through MAS and its Subadvisers, has taken several steps to incorporate ESG Principles into the investment process. New York Life Investments may consider certain ESG criteria when evaluating an investment opportunity. ESG criteria may include, but not limited to, climate change, sustainability, energy resources and management, job creation/employee relations, human rights, health and safety, transparency/disclosures, Board expertise, audit practices, and transparency and accountability. The application of ESG criteria may result in investments in securities or industry sectors that underperform the market as a whole, underperform other products that do not take into account ESG criteria or underperform certain benchmarks. In addition, securities of companies that meet the ESG criteria may shift into and out of favor depending on market and economic conditions.

New York Life Investments is committed to strengthening and refining our ESG approach through continued dialogue and education. Corporate leadership, investment professionals and key stakeholders will continue to define New York Life Investments’ ESG strategy and vision for the future.

### **IV. Active Ownership, Including Engagement and Voting**

As outlined in the Principles, active ownership is the use of the rights and position of ownership to influence the activities or behavior of investee companies. Active ownership can be applied differently in each asset class. For listed equities in particular, it includes engagement and voting activities.

- Shareholder engagement captures any interactions between the investor and current or potential investee companies on ESG issues and relevant strategies, with the goal of improving (or identifying the need to influence) ESG practices and/or improving ESG disclosure. It involves a structured process that includes dialogue and continuously monitoring companies. These interactions might be conducted individually or jointly with other investors.
- Collaborative engagements include groups of investors working together, with or without the involvement of a formal investor network or other membership organization.

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<sup>1</sup> As a recent signatory to the PRI, New York Life Investments has started to incorporate and formalize ESG perspectives into the investment decision process. We continue to develop policies and procedures for our internal managers and our review of affiliated and unaffiliated subadvisers, with regard to ESG Investing, Active Ownership and Governance.

- Voting refers to the exercise of voting rights on management and/or shareholder resolutions to formally express approval (or disapproval) on relevant matters. In practice, this includes taking responsibility for the way votes are cast on topics raised by management, as well as submitting resolutions as a shareholder for other shareholders to vote on (in jurisdictions where this is possible). Voting can be done in person or by proxy. Ballot items are not always closely related to environmental and social issues and cover financial performance, risk management, strategy and corporate governance matters. Voting and engagement practices are interrelated and feed into each other; one can be the initiator or the complementary tool of the other.<sup>2</sup>

New York Life Investments continues to develop its active ownership processes, which will address and/or outline, (i) an alignment with the Principles; (ii) asset classes covered; (iii) expectations and objectives with respect to undertaking engagement and voting activities; (iv) organizational structure and resources dedicated to ESG and active ownership; and (v) conflicts of interest when conducting active ownership activities.<sup>3</sup>

## **V. Governance**

New York Life Investments has established an ESG Governance Committee (the “Committee”), which has oversight and monitoring of this policy amongst other issues.

As applicable, the Committee will meet to:

- Review and discuss active ownership including our engagement and voting practices;
- Engage with MAS and the Subadvisers, as applicable, to assist in recognizing and understanding the impact of ESG and to discuss potential emerging ESG issues; and
- Evaluate current research practices related to ESG issues and identify enhancement opportunities.

## **VI. Training and Reporting**

In recognition that best practices in ESG integration are continuously developing, New York Life Investments will participate in ESG-related training programs, as applicable.

As part of our commitment as a signatory, New York Life Investments will report on our ESG activities to the PRI on an annual basis. This reporting will, include an organizational overview, strategy and governance information and business specific information among other items.

**April 2020**

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<sup>2</sup> UNPRI.org

<sup>3</sup> Id.