SPECIALTY FIXED INCOME

Responsible Investing Policy

2024

MacKay Shields
A NEW YORK LIFE INVESTMENTS COMPANY

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Introduction

MacKay Shields is a boutique investment firm focused on providing investors with specialty fixed income expertise across global fixed income markets. Our dedicated teams of specialists create customized solutions backed by disciplined research and a commitment to delivering long-term value for our clients. The MacKay Shields client experience provides investors with direct access to senior investment professionals.

This policy sets out our approach to Responsible Investing ("RI") and our investment teams' risk management focus within the environmental, social and governance ("ESG") integration process. As all asset classes are not created equal when it comes to ESG data and application, we retain discretion to apply certain aspects of this policy to a greater or lesser extent depending on data availability, investment time horizon, and client objectives.

Each investment team at MacKay applies its own distinct process and experience to add value across capital markets. As such, each team considers material ESG risks and opportunities alongside traditional factors that reflect the character of each asset class and investment style.

PHILOSOPHY

Our mission is to provide a value-added experience to our clients through a combination of research-driven security selection, asset allocation, risk management and client service. As fiduciaries entrusted to act in our clients' best interest, we believe that consideration of material ESG factors may have an impact on long-term investment performance and, therefore, is a natural and important component of disciplined investment research and management of client portfolios. As active managers and lenders of capital to the issuers in which we invest, we are also mindful of our ability, however limited, to influence responsible business conduct through investment decision-making.

History and Commitments

Our responsible investing journey has kept pace with our clients' evolving goals and priorities. MacKay Shields' path has advanced through becoming a signatory to the PRI, bringing in additional resources in the form of alternative data sets as well as dedicated full-time staff, contributing to industry working groups, and developing actively managed ESG-focused strategies.

2015	2016	2018	2019	2021	2022	2023	2024
Established Initial framework for proprietary ESG analysis	Became a signatory of UN PRI	Appointed ESG Director, Procured external ESG Data	Established RI Advisory Committee	Became a TCFD Supporter, Expanded ESG Team, Launched first ESG Product	Built RI Resource Center	Expanded data capabilities to include SFDR PAI Data for the management of the Article 8 portfolios	Developing Plan for Net Zero Fixed Income Portfolio Alignment

Delivering Value

We commit to delivering value. As stewards of our clients' assets, our goal is to help clients reach their objectives across risk, return, and responsibility. As an investment advisor, it is our duty to respect our clients' investment autonomy, to understand all the elements of value they aim to receive from their investment managers, and ultimately to act in a way that reflects the best interests of each of our clients. We recognize that the inclusion of environmental, social, and governance considerations and/or objectives may manifest in a variety of client-determined norms-based screening criteria, exclusions on certain business practices, or the inclusion of specific regulation-mandated ESG data. We believe it is our duty to identify the most appropriate tools and resources to manage these objectives, but also to ensure a mutual understanding of the potential impact of such screens and exclusions on the investible universe and therefore performance across various market cycles.

Transparency

We commit to transparency as part of our commitment to the PRI, we report on our responsible investing activities on an annual basis and make the resulting transparency report available publicly on our website. Our commitment to transparency overlaps with our commitment to delivering value through the construction of bespoke client reports. As a pillar of our teams' engagement efforts, we actively pursue disclosure and transparency on material environmental, social, and governance risks with the issuers in which we invest. We believe engagement is a sensible path to influence best practices and we therefore prioritize constructive dialogue over exclusion or divestiture to empower outcomes that align with responsible corporate citizenship. Reviews of our RI policies are conducted annually, though updates may not be necessary on such a frequent basis. All MacKay Shields' Responsible Investing policies are available on our public website. Finally, our parent company, New York Life, also publishes an annual sustainability report to which we contribute.

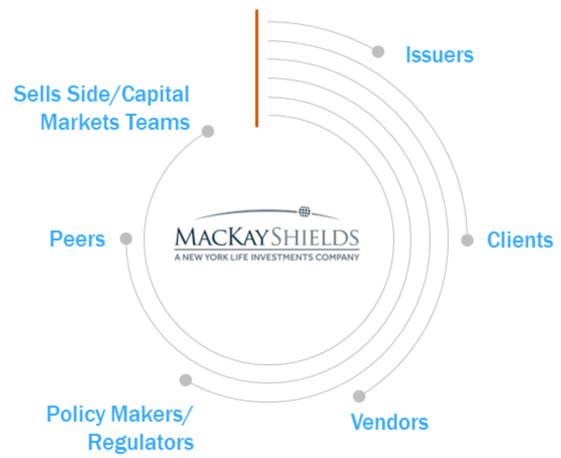
Collaboration

We commit to collaboration. In efforts to promote Principle 5 of the PRI, which states that we will work together to enhance our effectiveness in implementing the Principles, MacKay Shields seeks to collaborate across teams internally, when appropriate, and also with external stakeholders. For example, our professionals have contributed to PRI-led white papers on ESG in specific asset classes; co-authored multiple ESG papers that are part of the CFA curriculum (Levels 1 and 2); are active members in industry working groups such as the Credit Roundtable, the CFA Institute's Standards of Practice Council and the Emerging Markets Investors Alliance (EMIA); and participate in ESG-focused investment panels and webinars. Additionally, our RI team collaborates regularly with their counterparts within the New York Life Investments family to discuss industry updates and developments within the firm.

Stewardship

MacKay Shields believes that active management is an essential part of integrating material ESG-related risks and opportunities into the investment process. Our investment teams collaborate with issuers, trading partners, data vendors, and industry peers on ESG-related matters to develop their knowledge and share ideas about best practices in risk mitigation. Our teams also regularly engage with clients to ensure we are delivering on their objectives as they define them.

As RI is integrated throughout our business, we believe a multi-stakeholder approach to engagement is the best way to deliver on our clients' goals and objectives. Depending on the relevance to investment and suitability for the mandate, we would collaborate with any of the following stakeholders:



Issuers | Each investment team has developed a process for conducting engagements that is consistent with its broader investment process and philosophy, as outlined in each team's Responsible Investing policy. However, a consistent theme throughout many of our engagements, regardless of team, concerns material risks that arise from issues related to governance, and conduct relating to human rights, labor rights, and the environment, as outlined in foundational multi-lateral agreements such as the UN Global Compact, UN Guiding Principles on Human Rights, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Clients | Our client portfolio managers, client service personnel, and Directors of RI work with our clients to ensure we understand their objectives and collaborate on the best ways to achieve them. We may also collaborate with our clients to engage with issuers on sustainability objectives unique to their portfolios.

Vendors | Our investment professionals and data specialists work with third-party data providers to offer insights we feel may be missing from their assessment, inquire about the inclusion of uncovered issuers in their ratings assessments, and offer feedback on the development of new products.

Policy Makers/Regulators | MacKay Shields' policy engagement occurs through our parent company, New York Life Insurance Company, and its Office of Governmental Affairs, which monitors and influences state, federal and international legislative and regulatory activity on behalf of New York Life and its subsidiaries.

Peers | Our investment and non-investment staff participate in industry events with our peers that foster collaboration and information sharing to help advance PRI goals.

Sell-side/Capital Markets Teams | Our analysts and portfolio managers engage with capital markets teams to foster transparency and dialogue between investors and issuers on trends in the sustainable finance market.

Integration Approach

INVESTMENT TEAM AUTONOMY

For actively managed strategies, each of MacKay Shields' investment teams applies its own distinct process and experience to add value across capital markets. Accordingly, each investment team may consider ESG risks and opportunities alongside traditional factors that reflect the character of each asset class, investment style, and client goals. We believe that taking ESG factors into account gives us a better understanding of the value of an investment and that credit analysis may not be complete without it. For that reason, ESG risk assessments are incorporated into the process and the responsibility of each investment professional.

From time to time, MacKay Shields may manage accounts in line with a passive investment strategy. The processes and procedures described in this document may not apply to low-activity or non-actively managed strategies, for example, accounts that substantially track an index or seek to maintain a low tracking error. Some of the holdings in such accounts may nevertheless be subject to engagement based on exposure to those issuers in actively managed portfolios. Additionally, there may be positions in actively managed accounts that serve as cash equivalent or currency hedges or are securities that have resulted from corporate actions or client transfers, that would not be in scope of fundamental ESG analysis.

ESG SCORING

The firm has developed a scoring scale to assess ESG risk and opportunities. This is applied by each of MacKay Shields' investment teams according to its own distinct process and experience, with the goal of adding value across capital markets. Accordingly, each investment team considers ESG risks and opportunities alongside traditional factors that reflect the character of each asset class and investment style.

These ESG risk groups reflect our teams' judgment of the scope and materiality of ESG factors, a selection of which are included in the graphic below, and their anticipated impact on the issuer's viability and financial outcomes over the long-term. These categorizations are a signal to the portfolio management team of how much risk and/or opportunity is inherent in any given issue, and therefore may influence not just inclusion into a portfolio, but also the relative sizing of that position.

	Risk Group Score			Composite Score
	Environment	Social	Governance	
CORPORATE	Pollution & Waste Resource Management Green CapEx Climate Change (Physical & Transition Risks)	Human Capital Management Labor Relations (Collective Bargaining) Product Quality & Safety	Business Ethics Financia/Capital Structure Policy Transparency & Accountability	
SUB-SOVEREIGN	Biodiversity & Resource Use Climate Risk (Physical & Transition) Pollution & Waste Water Stress	Access & Affordability Community Relations Demographic Shifts Job Creation Public Safety	Business Ethics Financial Management & Policies Tax Structure & Taxation Practices Transparency/Accountability	
SOVEREIGN	Energy Security/Equity Environmental Health Ecosystem Vitality	Human Freedom Index Global Health Security Index Access to Information & Communication	Political Stability Regulatory Quality Corruption Perception Index	
SECURITIZED	How does the security affect issues such as access to renewable energy and electric vehicles contribute to Affordable & Clean Energy (SDG7) and Industry, Innovation & Infrastructure (SDG9)?	How does the security affect issues such as access to housing, education, and other general financing contribute to Decent Work & Economic Growth (SDG8) and Reduced Inequalities (SDG10)?	**Is the underwriting and origination of the security done with integrity?**	

BEST IN CLASS   LOW MATERIAL RISK   MATERIAL RISK   SIGNIFICANT RISK

The graphic above is for illustrative purposes only and represents a selection, not an exhaustive or complete list, of factors the teams may include. For more detail on the scoring process please visit the respective team policies.

1. The ESG assessment process for the securitized asset class is predicated on the idea that hurdles of sound governance of the issue has to be cleared in order for the security to be investible. If our analysts deem the governance of such securities lacks integrity, MacKay will consider that security uninvestible. For more information on the philosophy and process concerning securitized products, please refer to the Global Fixed Income & Global Credit Responsible Investing Policy.

These four ESG risk groups are proactive, forward looking, and predominantly based in qualitative analysis, supplemented with quantitative data, where available and applicable to the respective issue. The risk groups are an aggregate assessment of the ESG performance indicators that capture how exposed an issuer is to long-term ESG risks and opportunities. They are influenced by the controversies a particular issuer has experienced and how it has responded to such incidents, amongst other things. Analysts assess the issuer's strategy and ability to manage ESG risks in order to understand the issuer's ability to benefit or create value in the future. ESG risk groups for corporate issuers are first compared on a relative basis with peers in similar industries and then compared across industries, given that certain sectors are more exposed to material ESG issues (e.g. energy and transition risk). Our ESG risk groups are evaluated on an ongoing basis, with added scrutiny if there is a material change in the issuer.

Typically speaking, if two bonds have similar yields and spreads but are assessed to have different levels of ESG risk, the teams will tend to prioritize the bond with the lower ESG risk group. In addition, a security's ESG profile plays a large factor in conviction levels, and the weightings of securities in the portfolio. Generally, the largest positions in our portfolios will typically have lower ESG risk.

ENGAGEMENT

We view engaging with issuers as a natural part of the investment due diligence process. Our analysts engage with issuers to build relationships and create a constructive environment of information sharing. The knowledge gained during our engagement activities, along with our credit analysis and information received from third parties, help us to better assess the ESG risks an issuer faces and the issuer's awareness and management of such risks. In recognition of the various factors that determine feasibility of desired outcomes, including an issuer's weight in a portfolio or index, the possibility of material environmental, social, or governance risk, an issuer's relative standing on ESG risk management compared to its peers, and the team's influence with the issuer and/or influence in their respective markets, each team determines the most appropriate means of escalation for addressing material ESG risk with issuers. During our engagements we aim to assess an issuer's awareness and management of what we view to be material ESG issues and promote better disclosure of said issues, where relevant.

Detailed engagements, with objectives and goals for progress on material ESG issues, are typically reserved for issuers where the position is, or has the potential to be, sizable; the ESG issue is significantly material to the investment thesis; and the team feels they are well positioned to make meaningful progress with the issuer. In instances where our position size and/or influence with the issuer afford us less access to decision-makers, we are more likely to raise any relevant concerns or observations regarding ESG risks and seek to learn more information about an issuer's approach to managing ESG risks through constructive dialogue with issuers. Where access is most severely limited, yet we still consider an ESG risk to be insufficiently addressed and that risk to be significantly high without commensurate return potential, we may resort to downsizing or divesting from a position. Feedback from our engagements is used to inform each team's risk profile, and therefore return profile, of an issuer.

We believe that while ESG analysis is most effectively conducted directly by investment teams, the rapid evolution of sustainability issues, regulations, and global themes necessitates the provision of additional tools and resources to ensure thorough and responsible analysis. To meet our fiduciary obligations, analysts are equipped with internal ESG scoring tools and can draw on the expertise of the Responsible Investing (RI) team in engagement activity with an issuer when sustainability concerns are significant or closely aligned with a client's specific goals. This collaborative approach leverages both the deep asset and sector knowledge of the analysts and the RI team's specialized insights into sustainability trends and regulations. By combining these strengths, we enhance the overall quality of the investment process, aligning financial returns with responsible investment practices and ensuring that our teams remain adaptable and informed in a changing landscape.

LABELLED BONDS

Underlying our approach to labelled securities is the belief that authenticity in any sustainable investment is grounded in an organization's strategy and governance, rather than a standalone tangential project. We find that companies issuing labeled bonds to finance discrete projects while lacking a broader strategy around sustainability issues are less likely to be committed to achieving such goals. We make exceptions only for use of proceeds bonds that fund projects that we believe will credibly enable an issuer to achieve its plan to become more sustainable companywide.

To assess the impact materiality of an issuer's sustainability efforts and whether a bond will further them, we generally consider:

- Does the issuer have a well-developed sustainable finance framework?
- Is that framework reflected across the organization's practices?
- Are the projects that are to be funded by the debt well aligned with the issuer's mission?

If the impact materiality of the investment ill-defined or immaterial to the organization's strategic goals, we may conclude that the bond is an opportunistic financing vehicle rather than an authentic instrument of sustainable finance.

EXCLUSIONS

As a global asset manager, MacKay Shields is entrusted with the assets of a wide spectrum of clients with an equally wide range of priorities and objectives. We therefore do not apply firm-level exclusions and emphasize working case-by-case with clients to define investable universes that reflect their values and objectives.

To the extent that MacKay Shields applies firm-level exclusions, these fall within the various broadly accepted OFAC, EU, and UN sanctions lists. To complement our teams' research process, a norms-based alert has been implemented across the firm to identify very severe violations of the UN Global Compact[1] for further assessment by investment teams.

We manage client mandates that are subject to a variety of norms-based screening criteria, or exclusions on certain business practices or sectors. As each client has varying preferences, we work closely with them to determine their goals and objectives and have developed a process for monitoring of such guidelines, which is further detailed in the Oversight section of this document.

Climate

Issuers can be significantly affected by government policy, regulations, and corporate commitments related to climate change. MacKay Shields' investment teams seek to factor in material climate change-related risks and opportunities as they seek to deliver on client objectives. We understand that significant uncertainty remains around climate-related data, modeling, and social impact; and that client perceptions on the urgency and financial importance of the topic of climate change can vary greatly. As fiduciaries trusted to serve our clients in their best interests, we feel it is our duty to aim to be educated enough on the topics of climate change such that we can meet our clients' goals and objectives, wherever they may fall on this spectrum of perceived importance. Many of our clients have their own sustainability goals including, but not limited to, aligning their portfolios with global geopolitical agreements like the Paris Accord of 2015. It is our duty to help those clients invest in a manner that recognizes the goals of the Paris Agreement and to meet their decarbonization objectives, where appropriate.

Where feasible, we are actively taking steps to implement the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) by seeking to identify climate-related risks and opportunities in our investments, evaluate the likelihood and time frame such risks may materialize, and assess the possible financial impact of that risk. We also report climate and carbon-related portfolio metrics to clients upon request.

The New York Life enterprise, of which MacKay Shields is a part, recognizes the risks presented by climate change and the importance of preparing for climate-related events. In coordination with our parent, New York Life, MacKay Shields is making efforts to define, observe and calculate firm-wide emissions and intensity data. You can access the results of this information in the New York Life CSR (page 98 link).

Oversight, Roles & Responsibilities

OVERSIGHT

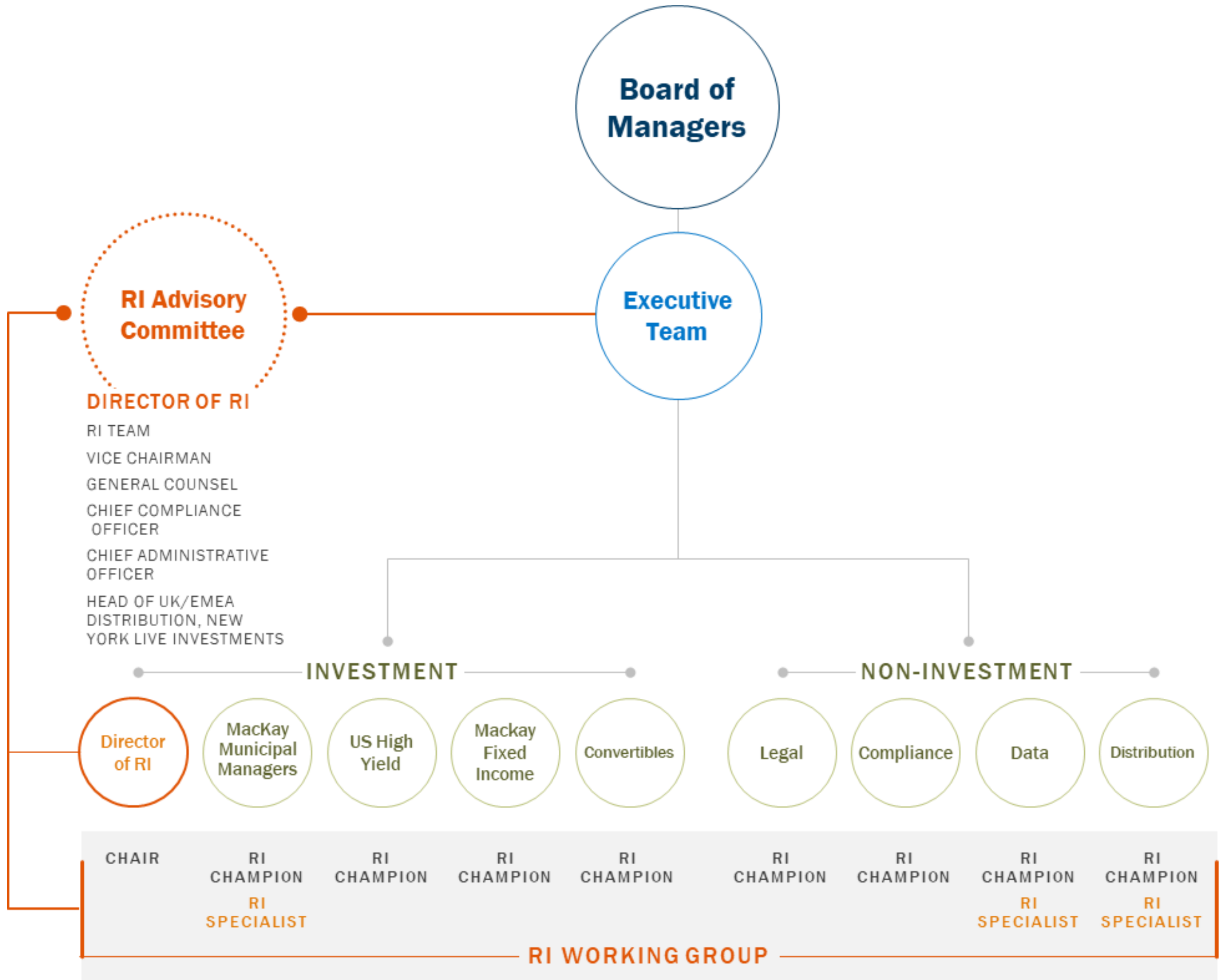
MacKay Shields' executive management team and its Board of Managers are responsible for oversight of the firm's activities, including RI strategy and implementation. As a member of the Responsible Investing Advisory Committee, the firm's executive leadership is directly involved in both the operational decision-making as it pertains to responsible investing, as well as the

1. MacKay Shields has engaged a third-party research vendor to provide this screening data. Analysis is based upon the availability/coverage of the data provider.

representation of the overall strategic direction at the board level. The board works with MacKay Shields' executive management team in driving forward the firm's strategic direction for responsible investing.

To establish appropriate operational controls, the firm has implemented several governance structures across its committees and working groups and takes a full-firm approach in integrating RI within its structures, functions and teams. Non-investment staff support investment teams' work to deliver a fully integrated suite of RI competencies for our clients.

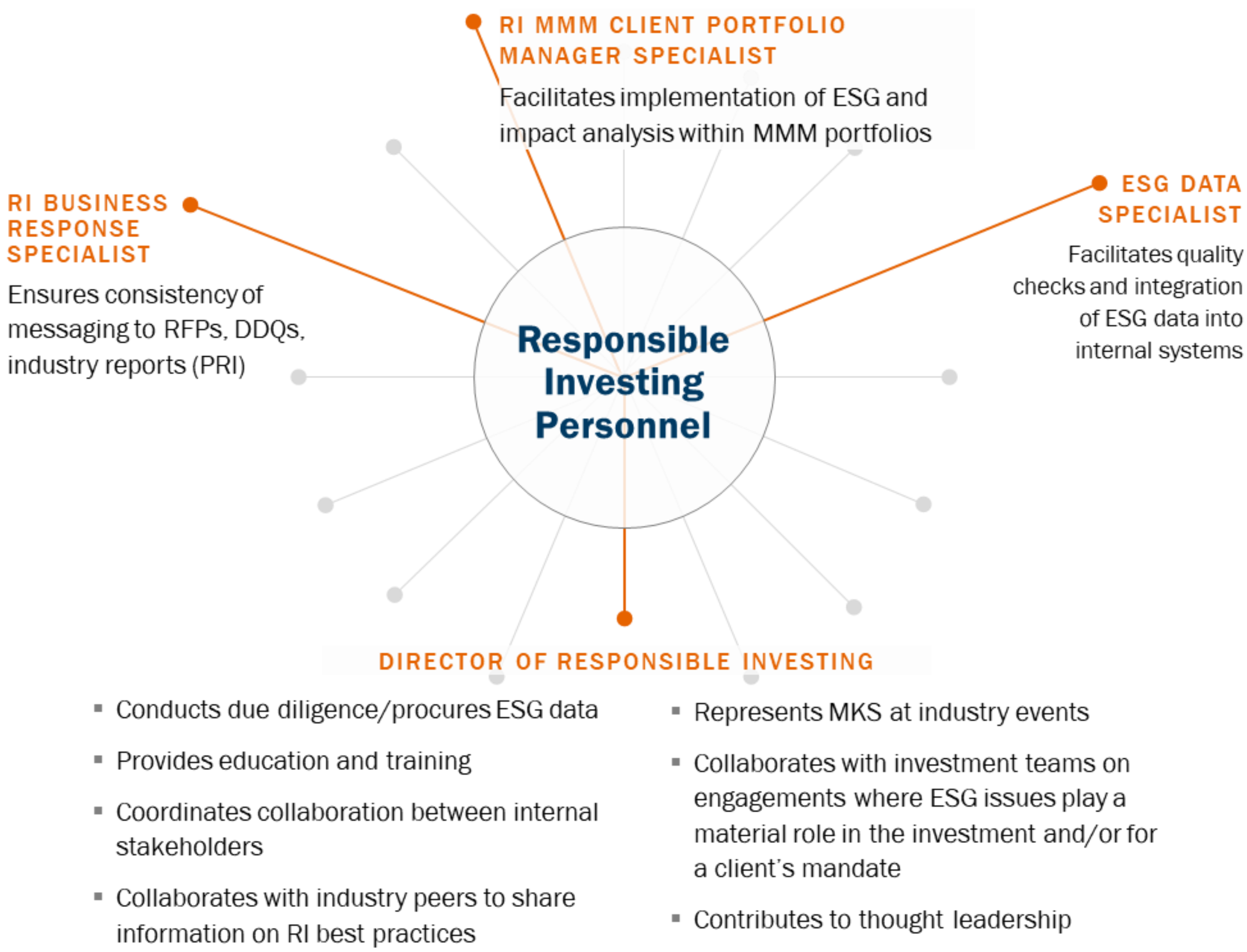
The Responsible Investment Working Group ("RI Working Group") aims to meet monthly and is comprised of the RI team, investment professionals, and other staff, and is led by the Director of RI. The group is tasked with monitoring each team's ESG and engagement processes so that a consistent standard is upheld throughout MacKay Shields' investments. The group is also responsible for sharing experiences and best practices learned from continued client and issuer engagement, as well as approving updates to the firmwide RI Policy.



ROLES & RESPONSIBILITIES

"HUB & SPOKE" MODEL

We believe that the integration of ESG information enhances the credit research process, and we are committed to delivering customized solutions for our clients. With that in mind, we think the best resourcing model for our RI capabilities is one that follows a "hub and spoke" system. The hub consists of dedicated responsible investing personnel and the spokes are the ESG specialists and champions embedded within the many functions that make up the RI value chain. Specialists are personnel who dedicate a considerable amount of time to ESG in addition to their primary functions within the business. Champions are the representatives of teams who serve as conduits of ESG information and support for their broader teams across investment and non-investment functions.



COMPLIANCE

Initiation

MacKay Shields' compliance department is responsible for monitoring client mandated ESG restrictions. Compliance oversight includes a process for coding client restrictions in the trade order management and compliance system, Bloomberg AIM. Before inception of a portfolio, the investment guidelines will be reviewed by the Compliance Department and other business areas within the firm, including portfolio management, to ensure that all parties involved understand the investment restrictions and agree on the ongoing monitoring framework to be implemented. In terms of the ESG data used, MacKay Shields may leverage external data from ISS and MSCI to help monitor client mandates according to their specified guidelines. In those cases, the compliance team works in coordination with the RI team to ensure the appropriate selection of data for the monitoring and management of investment guidelines.

Monitoring

MacKay Shields' enterprise data services (EDS) team is responsible for managing data processes across multiple critical data sets by leveraging third-party software, Bloomberg Data Management Solutions. The EDS team oversees all data acquisition and ensures that all data exceptions are resolved in a timely manner as data is published to all downstream systems. In the event that data feeds are not working properly or are missing, the EDS team will promptly notify the compliance department and other relevant departments and will work with the third-party data provider to resolve the issue as quickly as possible.

External Communications

All marketing materials, such as, but not limited to, pitch books, fact sheets, white papers, and social media posts, are required to be reviewed and approved by a member of MacKay Shields' legal or compliance departments prior to use. Materials relating the firm's ESG processes, such as this policy and each team's policy, are reviewed annually by the RI team, though updates may not be necessary on such a frequent basis. Any modifications, or need for clarification, are escalated to the RI Advisory Committee and team leads for ultimate approval.

Regulatory Compliance (Adverse Impacts)

Though MacKay Shields tends to not fall directly within the scope of any sustainable finance regulations, we aim to be prepared to adhere to global regulations related to ESG and sustainable investing to support our clients' regulatory obligations. As such, and pursuant to Article 4 of the SFDR, MacKay Shields may include consideration of the Principal Adverse Impact (PAI) indicators within in-scope portfolios, subject to the availability and integrity of data. For more information on our approach to Sustainability Risk and PAI indicator consideration within investments of in-scope portfolios, please see our Sustainability Risk & PAI Policy.

DATA PROCUREMENT AND MANAGEMENT

ESG data quality assurance is a central focus for MacKay Shields. The firm continuously works to improve the centralized data tracking and monitoring system that all teams use to house their proprietary ESG assessments and engagement notes.

The RI team is responsible for assessing the value offering of data vendors and gaining a comprehensive understanding of what data sets are required to meet the expectations of our clients. The RI team plays a pivotal role in conducting due diligence on and selecting ESG data vendors. Criteria that the team often assess include, but are not limited to, coverage, accuracy, accessibility, ease of use (i.e. commensurate with how clients ask to see it), quality, timeliness, and cost. Once the RI team has conducted their initial analysis and selected an external vendor, the onboarding of that data is handled by MacKay Shields' Third-Party Vendor Management team, headed by the Chief Administrative Officer ("CAO") and including participation from members of the Compliance, Legal, Finance, and the Enterprise Technology Services Departments. The responsibility of the Third-Party Vendor Management team is to onboard new, and review on an ongoing basis, third-party vendors that service MacKay. The firm also has Third Party Vendor Management Standards Policies and Procedures. The processes of overseeing external data from onboarding to integration of systems is overseen and is the responsibility of the ESG Data Specialist.

We primarily use the following external ESG data providers as a reference to supplement our proprietary ESG analysis, though the primary driver of our analysts ESG risk groups and assessments is based on their own qualitative research. In some instances where raw data is necessary to meet a client mandate (e.g., product involvement or carbon data), we may rely on third party ESG data directly. Those providers are

- **ISS ESG:** Used primarily for climate-related information, Product Involvement, Governance, Global Norms, SDG, and various other data points. Teams can access data via the online web portal, as well as through other systems such as FactSet.
- **MSCI ESG Research:** Used mainly for ESG, Climate, and Product Involvement data. Teams can access data via the online web portal, as well as through other systems such as Bloomberg and FactSet.
- **ICE Sustainable Finance (risQ):** Used by MacKay Municipal Managers™ to access various climate-related risk scenarios across municipal issuers and geographies.

Implementation of client IMAs (exclusion/restricted lists) is a collaborative effort between the client service, RI, compliance teams and the ESG Data Specialist where the RI team identifies the best and most accurate external data to use, compliance codes rules to align portfolios to IMAs, ESG Data Specialist connects the technical infrastructure to ensure sound implementation with client guidelines.

INVESTMENTS

At the investment team level, portfolio managers and research analysts are primarily responsible for assessing and integrating ESG-related factors into their research and analysis, including managing engagement activities. Each team follows its own process for discussing and evaluating thematic and issuer-specific risks as part of the decision-making process for purchasing, holding, or selling a particular security.

Research analysts generate their own proprietary research, however, will also often refer to research from third parties to gain a better understanding of the 'market view' of ESG issues. Investment team heads are responsible for overseeing the entire investment program for their team, which includes appropriately identifying and integrating ESG factors into debt analysis. Oversight at the investment-team level is implemented through briefings, meetings between analysts and portfolio managers, and other forms of on-going dialogue where investment ideas are vetted amongst each team to assess not just the appropriateness of an investment in a particular mandate, but also the relative positioning of that investment within the context of the broader portfolio and strategy. On an annual basis, each team, represented by their ESG champion, is responsible for presenting their ESG integration process, including examples of investment, engagement or escalation with relevant stakeholders, and potential outcomes, to the RIWG. These presentations serve both as a forum for collaboration on complex sustainability issues and a way to share lessons learned between teams.

ESG champions representing investment teams know and understand the latest RI trends as well as updates to MacKay processes, representing their team's process at internal review meetings and facilitating broader team adoption of evolving RI practices. ESG champions are expected to attend monthly Responsible Investing Working Group (RI Working Group) meetings, stay up to date on market themes and MacKay developments, and serve as the vectors of ESG information for the rest of their teams.

The MacKay Shields investment teams are also supported by the Directors of Responsible Investing, who support educational forums, facilitate in the interpretation of regulatory developments, and assist investment teams by developing tools which may be used to enhance their ESG integration process.

Continuing Education

As a PRI signatory, we are committed to continually strengthening and refining our approach to responsible Investing. As environmental, social, and governance issues evolve and grow in complexity, with variations in regulatory oversight across a growing number of markets, we are following a path of consistent learning and development to help us provide exceptional service to our clients.

To support the shared responsibility of our MacKay Shields employees, the RI team has developed the RI Resource Center, which is a central repository of responsible investing-related support and educational materials. Meant as a one-stop shop for any MacKay professional to go to understand the most salient and topical issues within Responsible Investing, processes and policies of MacKay's RI activities, and thought leadership by MacKay investment professionals, the RI Resource Center is a living educational tool for alignment of understanding of responsible investing at MacKay Shields. As a member of the New York Life Investment Management (NYLIM) family of boutique asset managers, we leverage the educational resources of the Candriam Academy and collaborate with other boutiques. RI representatives from NYLIM and each of its asset management boutiques aim to meet on a monthly basis to facilitate information sharing on ESG topics and industry trends. Additionally, many of our investment professionals have also completed ESG training offered by the PRI, obtained ESG Investing certificates from the CFA Institute and attend ESG conferences and seminars on an ongoing basis.

Glossary of Terms

In recognition that there are variations in some of the ESG terminology across our industry, this glossary sets out how we define and use some of the key terms in this document.

RESPONSIBLE INVESTING

Responsible Investing ("RI") is the value chain of investment management processes that are required to deliver on clients' environmental, social, or governance objectives that include, but are not limited to:

- Investments
- Data
- Compliance & Legal

- Client Reporting
- Education/Training

The term **material** refers to information or events that are considered significant or important enough to potentially influence a reasonable investor's decision to buy, sell, or hold a particular security or investment. Not all information is useful, but to not at least attempt to include all potentially material information when making investment decisions is, in our view, a violation of our fiduciary duty. The Sustainable Accounting Standards Board Materiality Map is used as a guide to help us identify sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry.

ESG

Environmental, social, and governance (i.e., **"ESG"**) refers to non-financial data and information that can be leveraged to make better-informed decisions on the potential risk-return profile of an investment. We view **"ESG Integration"** as the inclusion of ESG data or information alongside traditional financial data in investment decision making. The overarching principle in our portfolio decisions is the financial performance of the investment. Non-financial data or information is acted on to the extent that it is deemed significantly material to investment returns or in adhering to client guidelines,

SUSTAINABLE INVESTING

Sustainable investing refers to investing with ESG insights to improve long-term outcomes. We recognize that there are regional regulations that define what constitutes a sustainable investment, (e.g. the EU's Sustainable Finance Disclosure Regulation, or SFDR). For the purposes of MacKay's firm-wide approach to sustainability within our investments, we do not necessarily adhere to that strict definition, unless explicitly requested by a client that we do so.

SUSTAINABILITY RISK

Sustainability Risk represents environmental, social, or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of an investment. This definition is consistent with the concept of sustainability risk as defined by the EU SFDR on sustainability-related disclosures in the financial services sector.

CLIMATE RISK

Climate risk refers to the potential negative impacts that climate change can have on businesses, investments, and economies. It encompasses both physical risks from extreme weather events and long-term climate shifts, as well as transition risks associated with shifting to a low-carbon economy.

IMPACT MATERIALITY

Impact materiality refers to information or events that inform how a company's activities and investments influence environmental and/or social issues. This refers to the concept of "double materiality" that has gained prominence in Europe, as investors increasingly consider the societal and environmental externalities their capital allocation decisions may create. Evaluating impact materiality allows consideration of systemic risks that ESG issues could pose across portfolios and the broader economy.

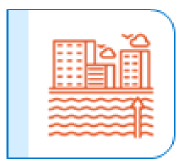
Transition Risks

POLICY AND LEGAL RISKS
Changes in regulations and potential litigation

TECHNOLOGY RISKS
Disruption from low-carbon and energy-efficient technologies

MARKET RISKS
Shifts in supply and demand for certain commodities, products, and services

REPUTATIONAL RISKS
Changing customer or community perceptions related to climate action



Physical Risks

ACUTE RISKS
Increased frequency and severity of extreme weather events (e.g., hurricanes, floods, wildfires)

CHRONIC RISKS
Long-term shifts in climate patterns (e.g., rising sea levels, changing precipitation patterns)

Financial Risks

Potential for stranded assets

Changes in asset valuations

Increased insurance costs

ADDITIONAL DISCLAIMER

As all asset classes are not created equal when it comes to ESG data and application, we retain discretion to apply certain aspects of this policy to a greater/lesser extent depending on data availability, investment time horizon, and client objectives. In addition, [we believe that] there is no conflict between this policy and our responsibilities as an ERISA fiduciary with respect to our ERISA clients.

IMPORTANT DISCLOSURE

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