

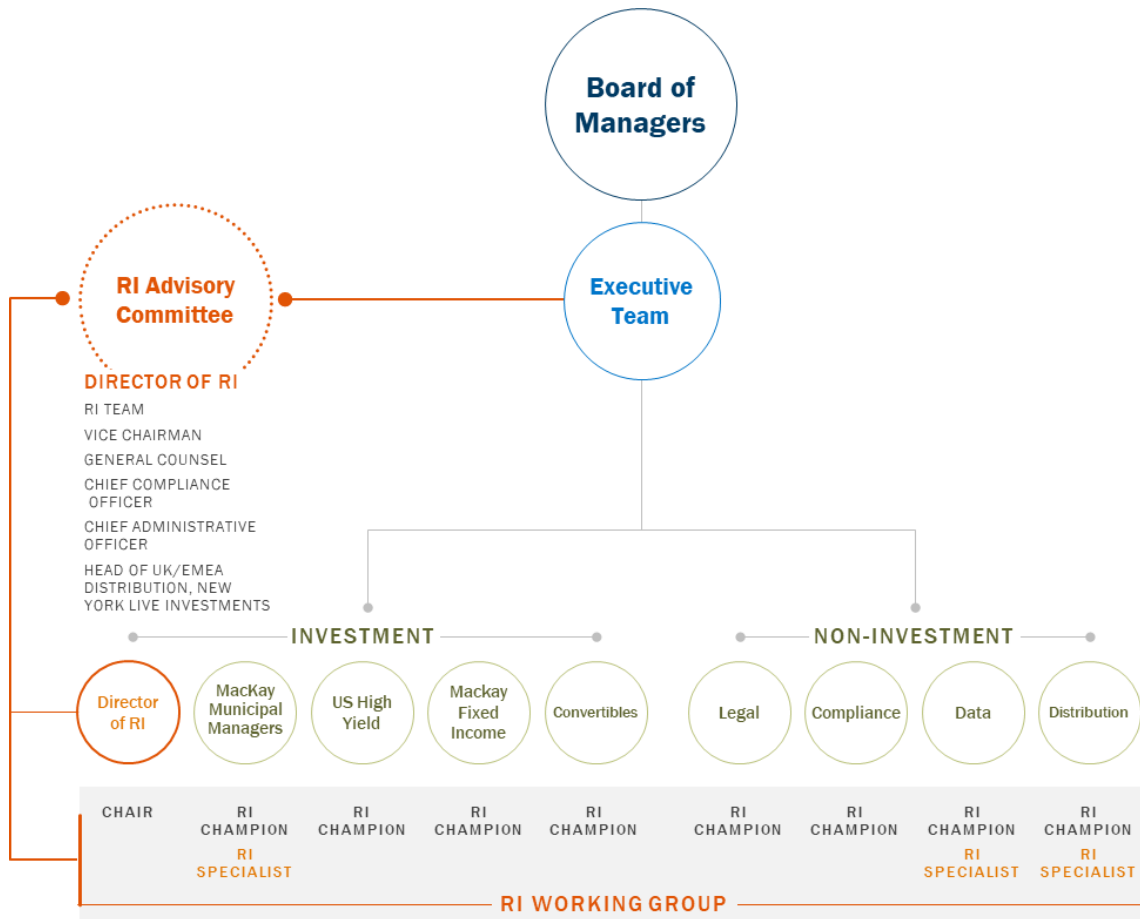
Oversight, Roles & Responsibilities

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 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.

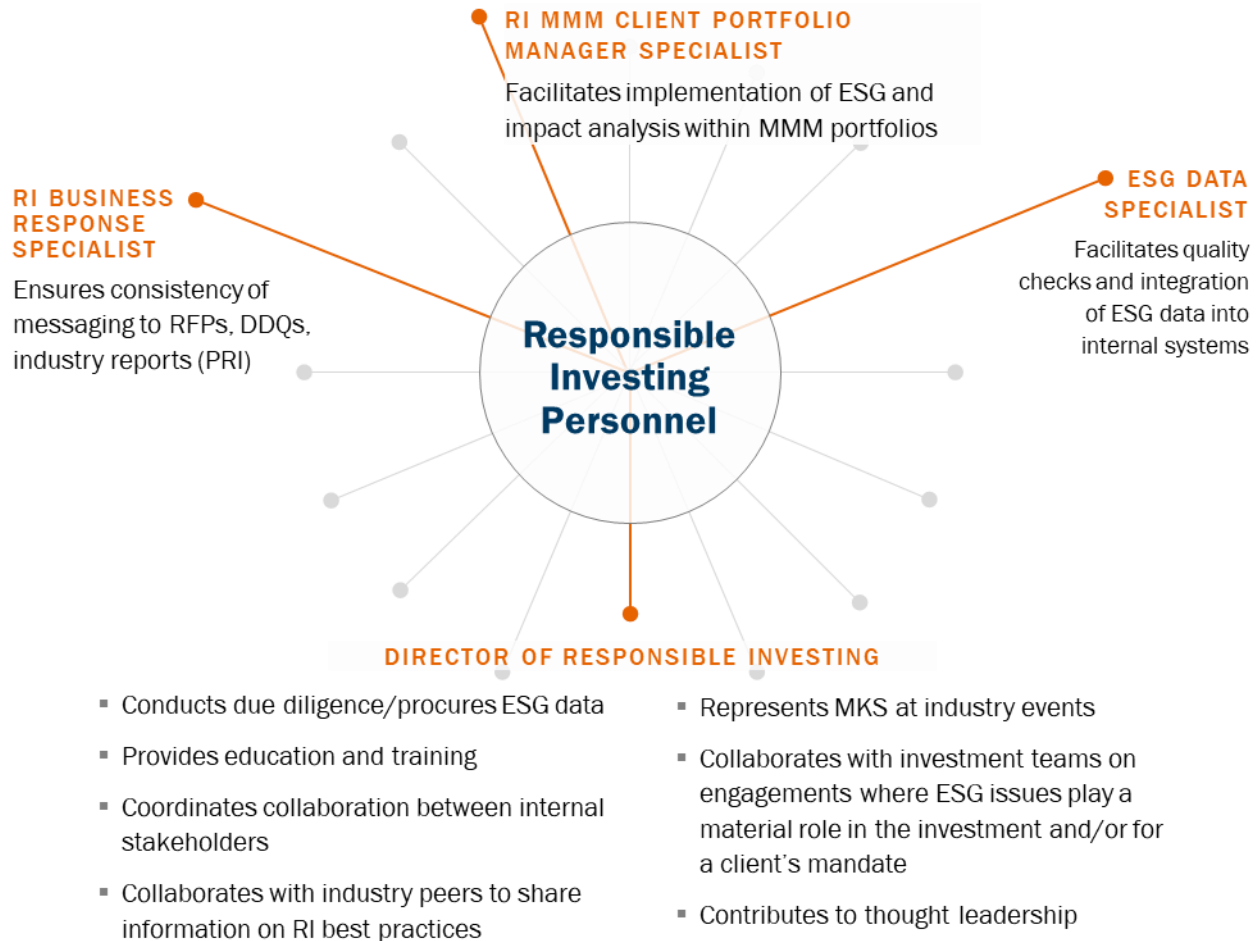
To establish appropriate operational controls, the firm has implemented several governance structures across its committees and working groups and takes a full-firm approach in integrating RI within its structures, functions and teams. Non-investment staff support investment teams’ work to deliver a 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 to 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.

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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NOTE TO UK AND EUROPEAN AUDIENCE

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