SHENKMAN

Environmental, Social, and Governance Policy

Effective as of May 21, 2025

Shenkman's long standing investment philosophy integrates Environmental, Social and Governance ("ESG") factors into the overall credit research process. This ESG Policy is designed to ensure that Shenkman's investment process considers whether ESG factors are relevant to an investment's long-term financial performance. In addition, this policy covers our approach to engagement and socially responsible investing ("SRI") for those clients who request such a mandate. We recognize that ESG integration can take different forms, and our approach is designed to be pragmatic and adaptable to evolving investor priorities.

DEFINING ESG

ESG considerations are often broadly applied by market participants and terminology may include integration of ESG factors, responsible and sustainable investing, sustainability, exclusionary screening (i.e., SRI screening), corporate engagement, stewardship, and impact investing (targeting investments to solve social or environmental problems). Our ESG policy lays out how we integrate ESG considerations and engagement throughout our investment process as well as how we apply SRI screens if requested by a client. Some examples of E, S, and G factors that may be considered are provided below:

Environmental (E)	Biodiversity loss, greenhouse gas (GHG) emissions, climate change impacts, renewable energy, energy efficiency, resource depletion, chemical pollution, waste management, depletion of fresh water, ocean acidification, stratospheric ozone depletion, changes in land use and disruption in nitrogen & phosphorus cycles.
Social (S)	Activities in conflict zones, distribution of fair-trade products, health and access to medicine, workplace health safety and quality, HIV/AIDS, labor standards in the supply chain, child labor, slavery, relations with local communities, non-discriminatory practices, human capital management, employee relations, diversity, controversial weapons and freedom of association.
Governance (G)	Executive benefits and compensation, bribery and corruption, shareholder rights, business ethics, board diversity, board structure, independent directors, risk management, whistle-blowing schemes, stakeholder dialogue, lobbying and disclosure. This category may also include business strategy issues, both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

Shenkman signed the PRI in 2017 and is committed to the PRI's six investment principles:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

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ESG PHILOSOPHY & CORE PRINCIPLES

We view ESG analysis as a critical investment tool, contributing to the research and management of leveraged finance investments. Our deep and talented team integrates ESG considerations throughout the investment selection, portfolio construction, and risk management process with rigor and discipline. In addition to this embedded approach, we seek to tailor our capabilities to clients' investment objectives and develop highly customized ESG and SRI solutions.

Shenkman's ESG philosophy for traditional strategies[1] is described below:

- ESG factors are considered when making investment decisions.
- ESG issues can influence financial performance, cash flow and an issuer's ability to meet its obligations, making them an important aspect of investment analysis.
- Rather than being viewed in isolation, ESG factors are integrated into Shenkman's disciplined and structured investment process.
- Constructive engagement with management teams and equity sponsors is a key component of Shenkman's investment philosophy.

Shenkman's core ESG principles for our traditional strategies are:

1. **Integrate** ESG factors into Shenkman's disciplined and structured investment process.
2. **Systematically** approach our ESG analysis.
3. **Identify** and utilize SRI factors.
4. **Engage** with management teams to better understand ESG factors within their companies and create a dialogue on ESG issues.
5. **Climate**-related factors are integrated into the research process.
6. **Report** ESG efforts on a periodic basis.
7. **Continually review** ESG factors and the integration process.

ESG POLICY GOVERNANCE AND IMPLEMENTATION

Consistent with Shenkman's commitment to ESG principles, the firm has established an ESG Committee as a subcommittee of the Risk Committee. The ESG Committee is responsible for overseeing and setting the firm's ESG policy. Additionally, the ESG Committee is responsible for changes to, and approval of, this Policy. The ESG Committee is comprised of team members from various departments, including Business Development, Portfolio Management, Quantitative Analytics & Risk, and Legal & Compliance. The ESG Committee is dedicated to supporting the firm's ongoing commitment to ESG principles and providing guidance and oversight to help support our ESG initiatives. While the ESG Committee does not assume day-to-day investment responsibilities, it generally meets quarterly to discuss ESG Policy, ESG & SRI execution, training, regulatory developments, emerging trends, and investor feedback among many topics. The ESG Committee regularly reports to the Risk Committee and provides a semi-annual report to the Shenkman Board of Directors on ESG-related matters. The Director of ESG chairs the ESG Committee and, together with a Portfolio Manager, spearheads the firm's overall ESG efforts.

Shenkman's credit analysts, under the Director of Research, are responsible for identifying and monitoring ESG factors that may impact potential or existing investments. As part of our structured research process for our traditional strategies, ESG issues are generally addressed in our meetings with management teams and discussed in Credit Committee meetings, as well as in ad hoc meetings with the Portfolio Managers.

[1] Shenkman's "traditional strategies" generally do not engage in short sales, margin transactions or employ leverage and currently include its High Yield, Global High Yield, Bank Loan, Short Duration High Yield, Convertible and Investment Grade Convertible strategies.

This policy covers the firmwide ESG philosophy and investment practices for our traditional strategies across bonds, convertibles, and loans. ESG principles are also incorporated when evaluating CLO originators for our structured credit strategy.

SHENKMAN PRINCIPLE 1: ESG INTEGRATION

Shenkman's long-standing investment philosophy integrates ESG factors into the overall credit research process. As part of our investment process, Shenkman seeks to consider all meaningful risks or opportunities that may impact a company's prospects, operating performance, or valuation. We believe that our policy of integrating ESG factors into our credit research process may enhance our clients' long-term investment success. If we believe a risk factor exists that could affect the investment thesis of a particular company, it may be excluded from our Approved List (i.e., it would not be available for consideration as an investment in Shenkman's traditional strategies).

Shenkman's credit research process for its traditional strategies incorporates ESG factors in the following ways:

- Credit Analysts typically speak to and evaluate the quality of management before any investment. Shenkman's proprietary 25-question management checklist is designed to evaluate governance and management integrity.
- Shenkman's proprietary risk assessment checklist seeks to quantify both quantitative and qualitative risk factors.
- Key risk factors identified by Shenkman's credit analysts are often important ESG variables to consider.
- Shenkman's proprietary financial models can quantify the impact of many ESG factors.
- Shenkman's proprietary C.Scope® Score assesses risk factors that impact credit quality.

In addition, Shenkman's ESG Checklist pulls together all the factors listed above.

SHENKMAN PRINCIPLE 2: SYSTEMATIC APPROACH

Our proprietary ESG Checklist systematically evaluates factors we have long considered integral to our investment approach. The ESG Checklist assists in identifying any specific ESG issues related to a company, enabling us to proactively assess and address them in a thoughtful and constructive manner. Among other factors, these Checklist items were informed by the UN Global Compact. Specific topics addressed include:

- Environmental: Pollution & Waste
- Environmental: Liabilities/Violations
- Environmental: Impact from climate change
- Social: Employees
- Social: Human Rights
- Social: Stakeholders (Customers/Community)
- Governance: Transparency
- Governance: Management integrity
- Governance: Strategic/Financial policy
- Governance: Board composition/Corporate Structure

Our ESG matrix provides further details around these topics and serves as a guide for completing the ESG Checklist. Since environmental, social, and governance risks differ significantly, we use a separate section for each category, along with an overall ESG ranking. Based on the results of this Checklist, each company is placed in one of four ESG tiers. If a company's ESG ranking places them in the lower two tiers, the credit will require further review and approval from a member of the Risk Committee. The ESG tiers are recorded in our internal database and can be used to inform portfolio management decisions. Reports show an individual portfolio's exposures to ESG tiers as well as differences in spreads or yields for exposures within any one category.

ESG Checklists are completed for new investments presented to our Credit Committee and, to the extent they are included and remain on the Approved List, we seek to update them annually but no later than every 2 years.

SHENKMAN PRINCIPLE 3: SOCIALLY RESPONSIBLE INVESTMENT (SRI) SCREENING

Shenkman specializes in developing customized solutions for investors and has a long history of incorporating SRI factors at a client's request. These factors are not universally applied in our process, as they are tailored toward the specific goals of an individual client. Client-determined restrictions are managed through one of three processes: (1) maintaining a restricted list of securities, which is provided to us by the client; (2) utilizing Shenkman's internally developed SRI screens; and (3) restricting investments in certain pre-determined industries.

Shenkman has developed proprietary screens for 17 common SRI factors at different tolerance levels. These 17 SRI factors are: 1) Abortion/Abortion Related, 2) Alcohol, 3) Biological & Chemical Weapons, 4) Civilian Firearms, 5) Coal & Consumable Fuels, 6) Defense, 7) Gambling, 8) Human Cloning, 9) Landmines & Cluster Munitions, 10) Nuclear Weapons, 11) Oil & Gas, 12) Pornography/Adult Entertainment, 13) Predatory Lending, 14) Private Prisons & Detention Centers, 15) Prostitution, 16) Sudanese Government, and 17) Tobacco.

Our custom SRI screens can also be used to monitor portfolio risks, as internal reports show an individual portfolio's exposure to SRI factors, as well as differences in spreads or yields for any given category.

SHENKMAN PRINCIPLE 4: ENGAGEMENT

A key element of Shenkman's research process is engagement with company management, underwriters, sponsors/owners, as well as clients. Engaging with company management provides us with a deeper understanding of the company's strategy, capital structure, and financing needs. Ongoing dialogue with management is a hallmark of Shenkman's investment process.

Among other objectives, Shenkman's goals in management engagements are to:

- Assess the quality of corporate strategy, as well as the quality, track record and ethics of the management team.
- Identify potential enterprise-level risks to the company, including ESG-related risks or otherwise.
- When appropriate, understand management's approach to addressing specific ESG or SRI factors.
- Understand management's commitments to debtholders (e.g., pay down debt, avoid dividends, potential for acquisitions, etc.).
- Encourage management teams to improve disclosure, hold conference calls, and keep investors well informed.
- Encourage the continued protection of debtholder rights and covenants, ensuring that covenants align with the company's stated strategy.
- Failure to live up to commitments may lead to inclusion of the company on Shenkman's "Hall of Shame."

HALL OF SHAME

Debt investors are often perceived to lack a role in governance, since lenders typically do not control the board of directors and have neither voting rights nor a say on executive compensation. However, this is an incomplete story. Lenders provide crucial sources of capital, and thoughtful management teams understand that maintaining access to this capital at attractive rates is very important. At Shenkman, we have always valued long-term relationships with management teams. Management transparency, integrity, protection of debtholder rights and covenants are important factors for a successful investment. To further these goals, and most importantly to influence change, Shenkman created a Hall of Shame, which consists of companies that have failed to meet these standards. A vital element of our corporate engagement is to inform the management team that they have been added to our Hall of Shame. We will provide them with the reasons for their inclusion and may provide specific actions they could take to be removed. This communication serves as the foundation for ongoing dialogue with the company. The Hall of Shame plaque is displayed in our New York and London offices, visible to all sponsors, bankers, and managers who visit our offices.

SHENKMAN PRINCIPLE 5: CLIMATE POLICY

As part of our integrated approach, Shenkman considers all risks that could impact the credit quality of an investment. Specifically, climate-related issues can reveal long-term risks and opportunities that are critical to understanding a company's future profitability and valuation. For example, environmental factors can present financial risks in the form of material on- or off-balance sheet liabilities, capital expenditures, or costs to comply with regulations. Furthermore, a company with high carbon emissions may face higher future regulatory costs. These risk factors are incorporated into our fundamental analysis and highlighted on the ESG Checklist. Additionally, we highlight a company's vulnerability to climate change, including the potential impact of extreme weather events or water scarcity on its assets and operations. At a client's request, for a separately managed portfolio, Shenkman can restrict investments based on climate-related issues. Consistent with our approach, Shenkman supports and encourages efforts by companies to improve and enhance disclosure on climate-related risks.

The firm has signed on to the CDP (formerly known as the Carbon Disclosure Project). The non-profit organization is dedicated to promoting and collecting environmental disclosures from companies. This commitment reflects Shenkman's dedication to encouraging clear and consistent corporate disclosures from companies.

As part of our ESG governance and oversight process, climate-related risks and opportunities are discussed in ESG Committee meetings from time to time.

SHENKMAN PRINCIPLE 6: REPORTING

We periodically publish an ESG newsletter highlighting how ESG factors are being used in our research process. The ESG newsletter provides a forum to communicate with our broad global client base and share insights on developments we are observing in socially responsible investing in the credit markets, as well as the level of ESG engagement at Shenkman. Our ESG newsletter can be found on our website: https://www.shenkmancapital.com/responsible_investing

Additionally, the research team regularly submits notable events, issues and examples on ESG topics to an internal database that is shared internally.

SHENKMAN PRINCIPLE 7: CONTINUOUS REVIEW

Shenkman is committed to being a thought leader in the ESG space and to continually evolving and developing its ESG policy and procedures. Shenkman's Director of ESG, Portfolio Managers, and other team members at the firm participate in industry events, maintain ongoing dialogue with clients, educate team members, and continuously evaluate best practices for responsible investing.

CORPORATE RESPONSIBILITY

Shenkman is committed to diversity in the workplace and recognizes that individuals of all backgrounds, experiences, and beliefs foster creative thought and offer varying perspectives. Shenkman is an equal opportunity employer and does not discriminate against any team member or applicant for employment based on race, color, religion, national origin, age, gender, sex, creed, handicap, disability, sexual orientation, citizenship status, marital status, veteran status, or any other characteristic protected by applicable law. Additionally, to promote equal pay best practices, the firm does not solicit prior compensation information from any candidates.

The firm has also worked internally to develop its retention efforts by creating a Diversity, Equity, and Inclusion Committee. This committee serves as a platform for employees to contribute their perspectives and provides a forum to evaluate the firm's culture, existing policies, recruitment, retention, promotion, as well as our external relationships through a diversity and inclusion lens. It also presents ways in which the firm can better address these initiatives across the organization. The Committee played a key role in launching an Employee Resource Group, the Shenkman Women's Network, whose mission is to create a forum in which the firm can support its female employees, create meaningful connections, and foster personal and professional growth. The Women's Network is dedicated to the growth of all team members and envisions a network of collaboration where all women are encouraged to share their ideas and talents. The Committee has also created a donation-matching program.

In 2022, Shenkman moved its NYC offices to a LEED certified building. Built in 1999, 151 W. 42nd Street was recognized at the nation's first "green skyscraper". The building is LEED Gold certified under LEED v4 Existing Buildings: Operations and Maintenance. It uses green cleaning products, equipment and strategies to promote a healthier work environment, and incorporates green roofs, a tenant recycling program, and organics collection program for compositing. More information about 151 W. 42nd Street can be found at https://www.durst.org/properties/One-Five-One.

Please refer to our website at https://www.shenkmancapital.com/responsible_investing for more information and any of our ESG publications.