

RESPONSIBLE INVESTING POLICY

Since our founding in 1981, Reams has focused on fulfilling our fiduciary duty to our clients by seeking to deliver superior risk-adjusted total returns and providing best-in-class service. To support these core principles, we provide a range of investment solutions that cater to our clients' diverse financial goals and organizational values.

In recognition of the evolving market landscape and the growing importance of Responsible Investing (RI) practices, Reams has adopted a robust RI framework. We believe that incorporating RI considerations into our investment process allows us to manage potential risks and opportunities more effectively, and ultimately drive long-term value creation for our clients. To formalize our commitment to RI and engage with various investment industry stakeholders on RI topics, Reams became a signatory to the Principles for Responsible Investment (PRI) as of January 2019.

INCORPORATING RESPONSIBLE INVESTING INTO OUR INVESTMENT PROCESS

Reams has implemented a flexible, risk-based approach to incorporating RI principles into our investment process. This approach leverages the increased transparency and disclosure arising around responsible investing risk factors. While we recognize the breadth of the RI landscape, the analysis of these risk factors has a significant degree of overlap with existing components of our credit underwriting process, including a long-standing focus on governance issues. As such, RI factors serve as a valuable foundation to our overall RI framework, which supplements and enhances our fundamental credit research efforts.

Our responsible investing strategy focuses on identifying various risk factors, including but not limited to governance, social, and environmental factors, and assessing their potential impact, primarily related to corporate, sovereign, and quasi-sovereign issuers. This analysis includes long-term risks that might erode an issuer's business prospects, competitive position, credit rating, refinancing capacity, and borrowing costs over time. In addition, evaluation of these risk factors is also used to highlight issuers with exposure to short-term event risk that could meaningfully impact debt security prices. By proactively considering these factors, we aim to make better-informed investment decisions that deliver competitive returns for our clients while also acting as responsible stewards of their capital.

Governance

Reams views governance factors as an essential component of credit risk analysis of corporate issuers. As part of our fundamental credit analysis, we evaluate the reasonableness of a firm's articulated goals, management's incentives, management's credibility, and alignment of interests with stockholders, bondholders, and other stakeholders. Important considerations include executive pay structures, board composition and independence, ownership structure and shareholder rights, accounting, audit and tax practices, and occurrence of related-party transactions.

It is not uncommon for management malfeasance to result from poor governance practices. To minimize the risk of loss, a component of Reams' investment process is screening for signs of potentially fraudulent activity. These signs include rapid debt accumulation, numerous acquisitions, excessive management compensation, loans to management, SEC investigations, and complex financial structures.

Governance issues are also critical to credit analysis related to sovereign and quasi-sovereign issuers, especially with respect to emerging markets issuers. Key considerations relevant to sovereign issuers



REAMS ASSET MANAGEMENT

include corruption, rule of law, political and civil liberties, regulatory systems, regime type and stability, accounting standards, and availability/transparency of economic data.

Social

We believe that social factors can significantly affect the operations and financial stability of a company and therefore must be considered in the valuation of its fixed income securities. Important considerations include employee relations and labor practices, workplace health and safety, customer privacy and data security, product quality and safety, and community relations. Social issues are also an important part of our credit analysis related to sovereign and quasi-sovereign issuers, in particular when evaluating emerging markets issuers. When we invest in sovereign debt, we assess topics such as demographic trends, human rights, political systems, levels of employment, and quality of health care. Countries with severe social problems may be deemed un-investable at any price level.

Environmental

Given our focus on downside risk protection and emphasis on high-quality collateral that is often in the form of hard assets, we frequently hold corporate bonds issued by companies that have exposure to a variety of environmental risks, including the impacts of climate change. It is therefore important for us to understand an issuer's exposure to environmental risk factors and to determine if these risks are material.

Key areas of focus include greenhouse gas emissions, energy resources and management, water and wastewater management, waste and hazardous materials management, and ecological impacts. We also understand that certain sovereign issuers and securitized bonds backed by commercial and residential real estate, physical plant and equipment, or natural resource receivables may be exposed to long-range environmental risks, in particular those associated with the physical impacts of climate change.

If deemed material to the sovereign issuer's creditworthiness or the collateral value backing a securitized instrument, we may evaluate the associated risk factors and incorporate them into our overall credit analysis.

RISK PREMIUM IDENTIFICATION - A DIFFERENTIATOR

We use our longstanding, proprietary credit scenario analysis framework to model the expected loss rate for a given credit, which is the risk premium above the risk-free rate required to account for the identified risk factors. The increasing prominence of risk-based responsible investing has brought in its wake an unprecedented amount of additional transparency and disclosure, making the job of the investment analyst easier in terms of evaluating associated risk factors. Since Reams already has an established system for extrapolating the expected loss risk premium for a given credit, the next step is to endeavor to quantify the RI component of the derived risk premium.

To provide a consistent framework for the analysis of these risk factors and comparability across industry groups, Reams uses a proprietary scoring methodology (referred to as the GeDES System), which rates an issuer on approximately 20 distinct factors. The GeDES name is derived from how we prioritize risk factors in our proprietary framework, with governance and disclosure taking the most prominent roles. We believe that governance is the keystone risk factor and arguably the most critical. The rationale is that in instances where governance is ranked highly, disclosure, environmental, and social considerations tend to be a high priority and ranked accordingly. Moreover, most instances of corporate malfeasance have been

associated with weak governance. Disclosure is also a critical consideration and is factored in conjunction with governance. Reams has found demonstrable correlation between those entities exhibiting the greatest transparency and reduced event risk profiles, as well as leading metrics in many environmental and social factors. Once the governance risk factor is vetted, Reams then measures and ranks other factors, including environmental and social. With environmental factors, we generally focus on various measures of carbon intensity relative to a credit's business and how it has progressed over time and ranks relative to peers. We have also incorporated Implied Temperature Rise ("ITR") data from MSCI into our analysis. With social factors, while different industries may require different topics and/or areas of focus, we place particular emphasis on company safety and historical track record, employee diversity and labor relations, and security and quality measurements.

The output of the GeDES system is a composite score that ranks an issuer from 0 (least risk) to 10 (most risk). This composite score is normalized, which allows issuers within an industry group to be separated into "Leaders" and "Laggards." The score is then used as an input into the scenario analysis model as a component of the "event risk" category. The goal is to isolate the RI portion of the risk premium from the total risk premium.

HOW WE APPLY RESPONSIBLE INVESTING PRINCIPLES TO ADD VALUE

In addition to understanding responsible investing risks, we seek to determine if these risks are material to the specific bond under consideration and whether the prevailing risk premium provides appropriate compensation for bearing them. Issuers with significant RI risks may be considered un-investable in some circumstances, and in others we would require a sufficiently high level of expected return to compensate for the incremental risk. The presence of material RI risks might prompt us, for example, to prefer a shorter maturity bond over a longer maturity bond from the same issuer. Within the same industry, all else being equal, we may select a bond issued by a company with best-in-class risk management practices over a bond issued by a company with a poor track record of managing its RI risks.

The *presence* of material risks for any given issuer is a key component, but Reams also believes that the *trend* is a critical consideration. In some instances, therefore, we may hold securities issued by an RI "Laggard" if that issuer's composite RI score, and what we deem to be the most critical underlying factors, exhibit a positive and meaningful trend toward that issuer becoming an industry group "Leader." In such instances, the early identification of improved risk factors can provide an opportunistic and profitable investment idea.

ENGAGEMENT WITH ISSUERS

Despite the inherent challenges and fundamental limitations for debt investors relative to direct equity stakeholders, we believe that it is important to seek opportunities to engage with bond issuers on relevant topics as circumstances allow. The Reams Responsible Investing working group acts as a clearinghouse to discuss and prioritize issues that are pertinent to the investment team from an engagement perspective. The aim of the working group is to periodically launch broad engagements, focusing on a thematic issue affecting a specific industry group, or company-specific engagements, when deemed to be warranted. The Reams investment team also participates in quarterly company investor calls, company presentations, industry conferences, direct company meetings, and other similar communications forums. Additionally,



access to, and committee participation with, our parent organization and sister asset managers allows for shared resources in terms of engagement efforts.

EXCLUSIONARY SCREENING

Reams manages fixed income portfolios with a dual focus on achieving superior risk-adjusted returns and meeting the diverse needs of institutional clients. This includes the management of custom mandates according to a variety of socially responsible investing ("SRI") guidelines that exclude industries such as alcohol, tobacco, gambling, health and human life, human rights, defense contractors, weapons and ammunition, and for-profit prisons. Similarly, we are open to managing custom separate account mandates according to investment guidelines that incorporate client-directed RI considerations aligned with the specific mission and values of our clients, to the extent feasible from an investment and portfolio construction standpoint.

Disclosures / Disclaimers

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ESG refers to Environmental, Social, and Governance factors used in measuring the sustainability and societal impact of an investment in a company or business.

Sustainable investing may incorporate criteria beyond traditional financial information into the investment selection process. This could result in investment performance deviating from other investment strategies or broad market benchmarks. Please review any offering or other informational material available for any investment or investment strategy that incorporates sustainable investing criteria prior to investing.

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