

Brigade Capital Management ESG Policy

Brigade Capital Management, LP (“Brigade”) is committed to the consideration of environmental, social and governance (“ESG”) factors and the impact it has on our clients’ investments and our business. We believe that ESG considerations are an integral part of our fiduciary duty and ethical responsibility and that it will assist Brigade in evaluating material risks and identifying attractive opportunities.

ESG Guidelines

Implementation of the Policy is aimed at understanding ESG risks and opportunities that are material to a given investment. These factors will vary by company and sector. Brigade is cognizant that ESG factors can have the ability to impact the financial performance of an issuer. As a result, we seek to address such factors where we have deemed them material and relevant and seek to reflect these assessments within our ESG scorecard. While not an exhaustive list, some of the ESG factors we may consider include:

- 1. Environmental:** Greenhouse gas emissions, carbon footprint, waste reduction, resource conservation, & climate change/risk. For instance, the Investment Team will seek to identify negative impacts that climate-related risks may have on our investments and ensure that the risk/return profile of potential investments accurately encompass such climate risks.
- 2. Social:** The Investment Team seeks to review information on human rights including labor rights, worker health & safety, customer safety and welfare, diversity & inclusion, and ensure the risk/return profile of potential investments accurately encompass such risks. Additionally, on a semi-annual basis, Brigade seeks to review issuers that have an MSCI Human Rights Controversy Rating of “Orange” or higher. In such instances the analyst covering the respective issuer may conduct an additional review of the applicable information.
- 3. Governance:** Board composition and independence, executive compensation, legal & regulatory compliance, anti-bribery & corruption, cybersecurity & data privacy are all foundational elements that the Investment Team looks for in potential investments; additional engagement may be sought should an outsized risk appear present.

Integration

The Investment Team has historically employed a bottom-up fundamental credit research approach that considers both quantitative and qualitative factors as it assesses the ability of an investment to perform across business cycles and changing regulations. As a part of the overall investment decision making process, Brigade considers material ESG factors in its fundamental research process, leveraging external ESG data, in-house qualitative assessment, and engagement with management teams to identify potential material risk factors.

The ESG analysis conducted will vary from investment to investment, depending on factors and characteristics which may include (but are not limited to) the investment’s relevant asset class, industry, and geography. Just as each characteristic of an investment outlined above helps determine which ESG issues are material, they also dictate the extent to which those material ESG issues are weighted in the investment process, how much time is spent on their consideration, and how relevant ESG data is obtained and evaluated. Ultimately, ESG considerations inform the Investment Team’s decision making, but it is important to note that this is but one of many qualitative and quantitative inputs to Brigade’s investment process, not a primary objective. It should be noted that there may be cases in which ESG considerations are not applicable and/or not considered. These cases may include but are not limited to derivatives and some structured credit products.

Stewardship

Monitoring

Investments are monitored for ESG-related risks that may arise as part of ongoing analyst coverage through review of financials and other disclosures and through the engagement process. If a material risk is identified that is believed to impact a company’s long-term performance, the Investment Team will aim to directly raise the issue with the company’s management team or board of directors to help address the issue.

Engagement

Brigade believes that engagement in dialogue with companies about ESG-related disclosures can help the companies further enhance their knowledge of ESG risks and take action to reduce their negative environmental and social impacts. Brigade actively engages its portfolio companies, transaction partners, peers, and other stakeholders to advance the principles of responsible investment and corporate social responsibility.

Stewardship (continued)

Brigade is dedicated to tracking engagements through collecting information on engagement activity outcomes, engagement topic case studies, and a summary of meaningful engagements including highlights of escalations and issuer-specific engagement objectives. Reporting on this engagement activity will be produced at least annually. The Investment Team engages with company management in conversations related to ESG practices and behaviors. The purpose of these conversations is to better understand how potential ESG risks and opportunities are managed among other issues. The process also allows the Investment Team to identify communication pathways to company management to establish and achieve sustainability initiatives and drive long-term growth.

Escalation

If an identified material risk has been addressed through Brigade's engagement process and is believed to continue to have potential impact on a company's long-term performance, the Investment Team may seek to escalate engagement activity. Escalation timing and actions are left to the discretion of the analyst engaging with the entity, portfolio managers, and the Investment Committee. Escalation actions include but are not limited to divestment, and if applicable, the use of voting rights as detailed below. There may be situations in which the engagement topic's potential risk has been appropriately priced into an issue and no escalation is required.

Proxy Voting

As a firm, Brigade believes that proxy voting is a source of leverage in encouraging appropriate corporate governance and policies. Where applicable and material, Brigade will consider the ESG voting guidance from a third-party source such as Institutional Shareholder Services (ISS), in addition to Brigade's internal research, to make its own decision regarding active votes for proposals put forward by the companies in which Brigade invests.

Conflicts of Interest

Brigade is committed to regularly reviewing all conflicts of interest in its stewardship activities. In connection with this commitment, Brigade (with the assistance of outside compliance consultants) will review its business practices and operations on a periodic basis to identify potential conflicts and will document in writing how Brigade addresses each such conflict. Brigade has established the Conflicts of Interest Committee to assist in the resolution of material conflicts of interest.

Reporting

Brigade is dedicated to transparency and regularly reports ESG progress to its investors, limited partners, and other stakeholders. The Firm will disclose its approach to ESG integration through industry relevant reporting frameworks. Brigade became a signatory to the United Nations-supported Principles for Responsible Investment (PRI) on March 26, 2020.

Oversight and Governance

Brigade's ESG Committee (the "Committee") is responsible for overseeing Brigade's firmwide ESG efforts and comprised of key decision makers across the firm, including Portfolio Management, Research, Legal, Risk, Investor Relations and Technology. The Committee formally meets on a quarterly basis with more frequent meetings held as needed. The Committee is chaired by the Firm's Co-Chief Investment Officer.

Implementation of this Policy within the investment process is the responsibility of the Investment Team, with the Committee providing guidance and oversight to ensure consistent and high-quality implementation. As an organization, we continue to build upon repeatable processes that can be applied across our platform in a consistent manner. The Committee will formally review and/or revise the policy annually to ensure it aligns with industry best practices, with updates occurring more frequently should material changes be made to the Firm's ESG framework.

Corporate Responsibility

Brigade's commitment to corporate responsibility focuses on ESG initiatives internally as well as within the broader community. Brigade is an exceptionally culture-driven Firm that is committed to attracting, retaining, and fostering a diverse workforce that is inclusive of all persons and free of harassment and hostility. This tenet is at the core of our hiring and promotion philosophies and evident in all employee engagement and protocols at the Firm. Brigade is active in making a difference with the broader community and participates in numerous partnerships with organizations focused on philanthropy, education, D&I recruiting and establishing mentorships.