

The cover features a dark blue background on the left and a photograph of a modern glass skyscraper on the right. A vertical teal stripe separates the two sections. The title is centered over the building image.

# 2024 CLIMATE REPORT

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# Executive Summary

Brigade Capital Management, LP (“Brigade”) is a well-established global investment advisor specializing in credit-focused strategies.

## DISTINGUISHED TEAM

Led by CIO & Managing Partner, Donald Morgan, who has 31 years of leveraged finance experience

Senior investment team has 22 years of experience, on average

## INVESTMENT FOCUS

Global investment platform focused on below investment grade credit strategies

Fundamental research process emphasizing free cash flow, asset coverage and relative value

## BRIGADE EDGE

Disciplined investment process proven over numerous market cycles

Seasoned investment team with significant industry-specific experience

## ORGANIZATION

2006

Year the firm was founded

\$27.8bn

Assets Under Management<sup>1</sup>

123

Total number of employees globally

29

Equity partners across the employee-owned firm

49

Investment professionals with significant industry-specific expertise

<sup>1</sup>As of April 1, 2025.

## INTRODUCTION

Brigade Capital Management, LP (“Brigade”), founded in 2006, is a global asset management firm which employs a multi-strategy, multi-asset-class approach to investing across the broad credit universe.

Brigade seeks to invest throughout the capital structures of companies in the high yield universe, relying on a fundamental, bottom-up research approach to identify securities with the most attractive risk/return profiles. We believe that the consideration of all applicable risks that may impact risk/return profiles of the investments we make, including climate-related risk is an integral component of our fiduciary responsibility to our clients.

Climate-related risks – specifically physical and transition risks – have the potential to disrupt businesses, supply chains, and workforces across economies. As a result, a global push for an energy transition has occurred over the last two decades and is shaping the century ahead. Many asset managers have begun to realize that taking climate-related risks into account is beneficial not just for the planet but also investor returns and the mitigation of potential risks.

We will seek to identify whether and how negative impacts to the environment, climate-related risks and other influences climate change may have ramifications on our business and investments. We will strive to align to best practices/frameworks to reduce our carbon footprint and report metrics whenever possible.

Brigade continues to make progress towards supporting the Task Force on Climate-Related Financial Disclosures’ (“TCFD”) recommendations<sup>1</sup>. We aim to provide transparency into how climate change is affecting our investment decision-making process. We understand it will take time to build a program around full support, however we continue to make enhancements. In this report, we seek to disclose where and how these risks shape our investment processes and the steps we have taken as a firm over the past year to address climate matters directly linked to our business.



## GOVERNANCE

Addressing climate-related risks and opportunities requires a firm-wide effort, which is why climate change and other ESG factors are overseen by Brigade’s highest governing body. Brigade’s business oversight is handled by the Operating Committee, a group of senior investment and non-investment professionals from across the firm.

Under the direction of management, Brigade formed an ESG Committee (the “ESG Committee”) in 2019. The ESG 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 ESG Committee formally meets on a quarterly basis with more frequent meetings held as needed. The ESG Committee is chaired by the Firm’s Co-CIO.

The ESG Committee monitors climate risk of the firm’s business operations as well as its investment portfolios. The ESG Committee aims to assess the firm’s climate risk at least biennially through a physical risk assessment which may have influence over annual updates to Brigade’s Disaster Recovery and Business Continuity Policies. Additionally, Portfolio monitoring reports are compiled on a quarterly basis and provided to the ESG Committee. If a material change in ESG metrics, including carbon footprint or portfolio ratings, is noted, the ESG Committee may alert the Portfolio Manager or analyst of the change.

This portfolio monitoring system includes overall MSCI ESG portfolio ratings or “Overall Scores”. Similar to Brigade’s internal ESG Scorecard, MSCI’s Overall Score is compiled using an issuer’s individual environmental, social, and governance scores and is adjusted to reflect the industry-specific level of ESG risk exposure and distribution of issuer climate risk mitigation practices, within that industry. The environmental score indicates how well an issuer manages its exposure to environmental risks and opportunities.

The ESG Committee provides guidance and oversight to ensure consistent and high-quality implementation of Brigade’s ESG Program. As an organization, we continue to build upon repeatable processes that can be applied across our platform in a consistent manner.

<sup>1</sup>Brigade acknowledges that in October 2023, the TCFD was officially disbanded by the Financial Stability Board (“FSB”) and tasked the IFRS Foundation to pick up the monitoring and progress of climate-related disclosures. The IFRS has released the IFRS S2 Climate-related Disclosures, which adopt the TCFD recommendations and provide additional guidance for disclosure of climate-related risks and opportunities. Brigade seeks to continue disclosing in alignment with the TCFD recommendations and will reference the IFRS S2 standards for additional disclosure guidance.

## GOVERNANCE (CONTINUED)

Implementation of our ESG Policy within the investment process is the responsibility of the Investment Team. Portfolio managers and analysts are responsible for analyzing each of their covered issuers to determine key ESG factors and risks as well as their materiality.

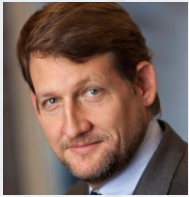
Additionally, Tara Lenehan serves as Brigade's Director of ESG and Sustainability and is tasked with maturing and stewarding Brigade's ESG program, including how climate considerations are taken into account and addressed within specific client requests. As deemed necessary, the ESG Committee serves as a forum for providing ad hoc ESG and climate-related training to the broader Brigade team.



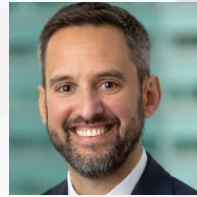
## THE BRIGADE OPERATING COMMITTEE

Brigade established an Operating Committee led by Don Morgan (Chief Investment Officer, Managing Partner and Portfolio Manager), which includes senior leadership across business units that allows for the ability to discuss all firm related initiatives on a regular basis.

Brigade's Operating Committee is responsible for overseeing Brigade's operations as well as the firm's other committees. It serves as the main governing body for strategic initiatives and is the critical decision-making group of the firm. Members include:



**Donald Morgan**  
*Chief Investment Officer,  
Managing Partner and  
Portfolio Manager*



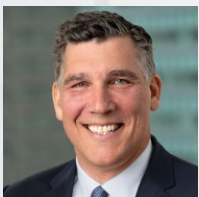
**Aaron Daniels**  
*Chief Operating  
Officer and General  
Counsel*



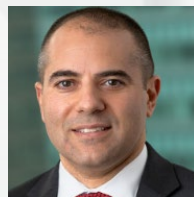
**Doug Pardon**  
*Co-Chief Investment  
Officer, Portfolio Manager*



**Joseph Turilli**  
*Head of Marketing*



**Steven Bleier**  
*Portfolio Manager of  
Structured Credit and  
Head of Structured Credit*



**Patrick Criscillo**  
*Chief Financial Officer*



## THE BRIGADE ESG COMMITTEE

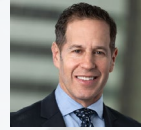
Chaired by Doug Pardon, Co-Chief Investment Officer

Brigade is committed to the consideration of environmental, social, and governance ("ESG") factors and the impact it has on our clients' investments, our company culture, and our planet.

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.



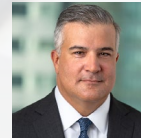
**Ray Garson**  
*Head of Corporate Credit Research*



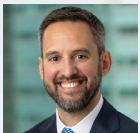
**Robert Lefkowitz**  
*Head of Risk*



**Gregory Soeder**  
*Head of Portfolio Strategy*



**Andrew Petitjean**  
*Global CLO Portfolio Manager*



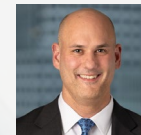
**Aaron Daniels**  
*General Counsel, Chief Operating Officer*



**Emily Keinz**  
*Managing Director, Portfolio Analysis & Trading*



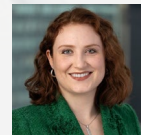
**Daniel Altabef**  
*Chief Compliance Officer, Counsel*



**Matthew Plaveczyk**  
*Managing Director, Investor Relations*



**Brett Honneus**  
*Chief Technology and Information Officer*



**Tara Lenehan**  
*Director, ESG and Sustainability*



**Doug Pardon**  
*Co-Chief Investment Officer*



# Brigade Investment Team

Brigade's investment strategies are supported by substantial credit research and trading expertise.\*

## INVESTMENT COMMITTEE

**Donald E. Morgan III, CFA\***  
 CIO, Portfolio Manager, Managing Partner  
 31 Years

<b>Doug Pardon*</b>	<b>Steven Bleier*</b>	<b>Gregory Soeder, CFA*</b>	<b>Andrew Petitjean, CFA*</b>	<b>Thomas O'Shea*,<sup>2</sup></b>	<b>Jenny Y. Lee*</b>	<b>Raymond Garson*</b>	<b>Patrick Robb*</b>
Co-CIO, Portfolio Manager	Co-CIO, Portfolio Manager	Head of Portfolio Strategy	Global CLO Portfolio Manager	PM, Head of European Investments	Co-Head of Private Credit	Head of Corporate Credit Research	Research
23 Years	26 Years	27 Years	30 Years	28 Years	31 Years	30 Years	12 Years

### GLOBAL CREDIT RESEARCH

**Kunal Banerjee, CFA\***  
Chemicals

**John Baylis\***  
Media & Cable

**Chris Chaice\***  
Head of Distressed Research

**Luc-Antoine Lebard\*,<sup>2</sup>**  
European Tech Media & Telecom

**Matthew Perkal\***  
Head of Special Situations & SPACs

**Sumit Sablok\***  
Technology

**Sandro Carissimo\***  
Energy

**Pavlin Kumchev<sup>2</sup>**  
European Healthcare & Industrials

**Florian Kass, CFA<sup>2</sup>**  
European Business Services

**Emily Brown, CFA**  
Autos & Industrials

**Matthew D'Ambrisi**  
Tech, Media & Telecom

**Conor Dillon**  
Homebuilders & Building Products

**Tommy Anderson**  
Healthcare

**Nicholas Chapman**  
Financials

**Christopher Lembo**  
Energy, Power, Metals & Mining

**Phil Shannon**  
Consumer & Retail

**Alexander Zwick**  
Technology

### STRUCTURED CREDIT

**Gaurav Tejwani\***  
Macro Products

**Michael Kreicher\***  
CMBS

**Justin Pauley\***  
CLO Management

**Philip Ha**  
CLO Investing

**Jess Wang**  
RMBS

**Byron Maturo, CFA**  
Macro Credit

**Gabby Champagne-Sitzler**  
ABS

**Cailin Blaney**  
CLO Management

**Marco Gomez-Wong**  
CLO Investing

**Louis Lou**  
Macro Credit

**Melissa Qui**  
Volatility Products

### RISK & TRADING

**Russ DiMinni\***  
Co-Head of Trading

**Michael Walker\***  
Co-Head of Trading

**Rob Lefkowitz, CFA, CAIA, FRM\***  
Head of Risk

**Tom Eardley, CFA<sup>2</sup>**  
European Trader

**Emily Keinz**  
Portfolio Analytics & Trading

**Michael Bennett**  
Trader

### PRIVATE CREDIT

**Jim Wolf\***  
Co-Head of Private Credit

**Philip DiPasquale**  
Director

**Hue Vuong**  
Director

**Andy First**  
Director

**Haroon Ashraf**  
Vice President

**Diego Campos**  
Vice President

\*Indicates Firm Partner.

<sup>1</sup>Reflects years of relevant industry experience.

<sup>2</sup>Located in the London office.

There is no assurance that any individual will continue to be employed by Brigade or be involved in the management of any transaction for any period.



# Business & Operations Team Structure

**Aaron Daniels\***  
Chief Operating Officer, General Counsel

## ACCOUNTING, OPERATIONS, & TREASURY

**Patrick Criscillo, CPA\***  
Chief Financial Officer

**Meghana Reddy, CPA**  
Deputy Chief Financial Officer

**Accounting & Tax**  
14 Professionals

**Jeff Frusciante**  
Head of Operations

**Operations**  
13 Professionals

**Michael Abbott**  
Head of Treasury

**Treasury**  
1 Professional

## TECHNOLOGY

**Brett Honneus\***  
Chief Information Officer

**Tapan Talati**  
Chief Technology & Information Security Officer

**Jason Shuey**  
Co-Head of Software Development

**Christopher Alfonso**  
Co-Head of Software Development

**Infrastructure Technology**  
5 Professionals

**Software Developers**  
6 Professionals

## MARKETING & INVESTOR RELATIONS

**Joseph Turilli\***  
Head of Marketing

**Rock Wilkinson\***  
Marketing

**David Love**  
Insurance Solutions

**Jonathan Napora<sup>1</sup>**  
Marketing

**John Gallagher**  
Marketing

**Matt Plaveczyk, CFA**  
Head of Investor Relations

**Tyler Russell**  
Director, Investor Relations

**Tara Lenehan**  
Director, ESG & Sustainability

**Marketing & Investor Relations Professionals**  
6 Professionals

## LEGAL & COMPLIANCE

**Daniel Altabef**  
Chief Compliance Officer and Counsel

**Alistair Cuthbert<sup>1</sup>**  
General Counsel and Compliance Officer (UK/Europe)

**Monica Jun**  
Associate General Counsel

**Compliance**  
1 Professional

## ADMINISTRATIVE STAFF

**Raymond Luis, CPA, CFA\***  
Senior Vice President, Finance & Chief Administrative Officer

**Christine Curtis**  
Head of Human Capital

**Administrative Staff**  
7 Professionals

\*Indicates Firm Partner.

<sup>1</sup> Located in the London office.

There is no assurance that any individual will continue to be employed by Brigade or be involved in the management of any transaction for any period

## ESG TIMELINE

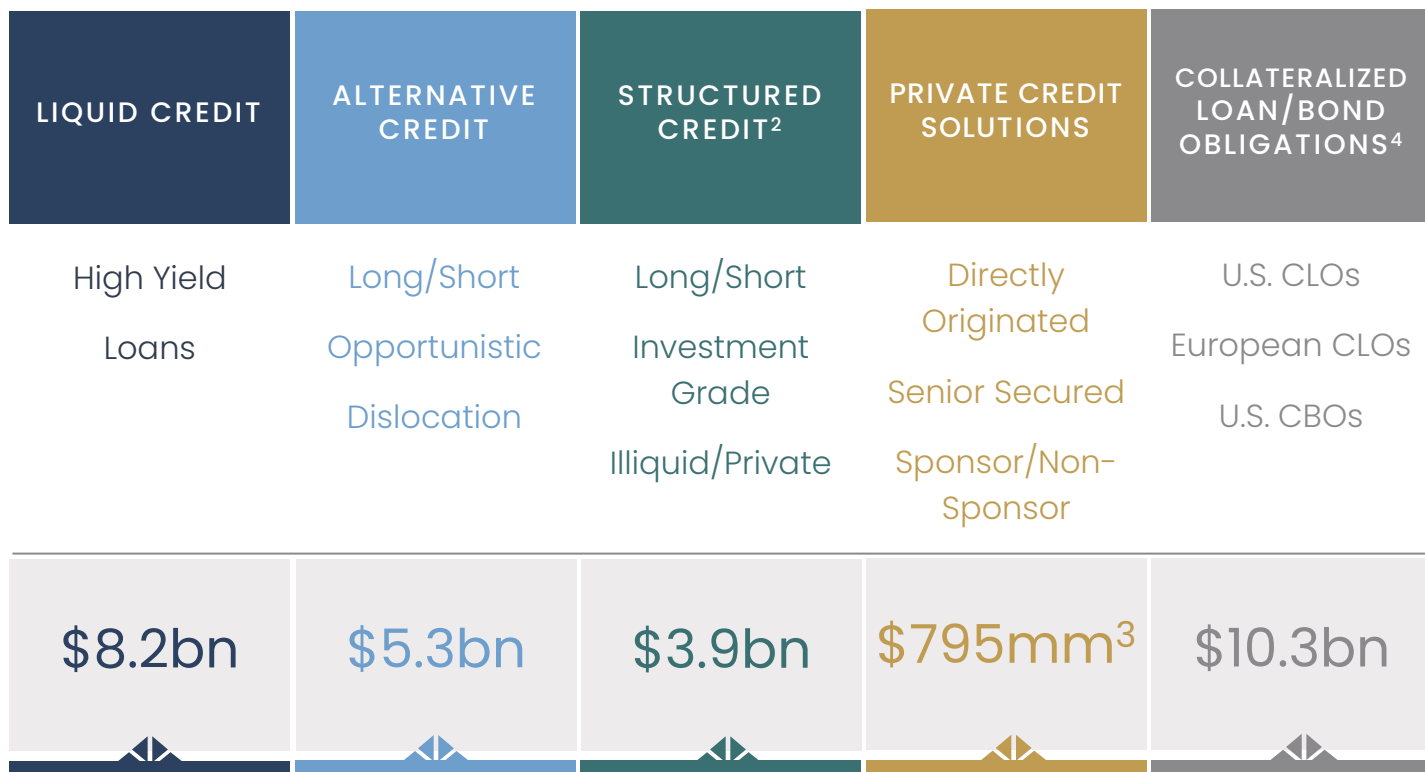
ESG considerations have been informally built into our investment process since the founding of Brigade in 2006. Our formal ESG program has become a primary focus since 2019.

2024	Evaluation of PRI reporting results	Phase III of ESG Scoring System Complete	Formalization of asset class ESG guidelines			
2023	First Annual Internal Audit of ESG Program Implementation	First PRI reporting cycle completed	Formalization of a dedicated ESG resource	Website Transparency	Issuance of first Climate Report	First portfolio climate risk assessment
2022	Update to Proxy Voting Policy to include ESG considerations	Brigade's DEI Committee was formed, and DEI Policy finalized	First annual purchase of carbon offset credits	Buildout of internal reporting and engagement tracking	Phase II of ESG Scoring System Complete	Internal ESG factor monitoring established
2021	ACA Partnership to aid PRI reporting & ESG program	DEI Statement drafted	Phase I of ESG Scoring System complete			
2020	Brigade's ESG Policy finalized	Brigade becomes a PRI Signatory	ESG Considerations Institutionalized within the Investment Process	MSCI Partnership for ESG portfolio analytics		
2019	Formal ESG Policy Drafted	ESG Committee formed				

Please refer to slide 32 for additional disclosures.

# The Brigade Credit Platform

Brigade offers credit solutions with centralized portfolio management and a consistent investment process managed by the same investment team across the Brigade credit platform.



AUM is as of April 1, 2025.

<sup>1</sup>Total Firm AUM is adjusted to exclude AUM of Brigade funds/accounts that are invested in Brigade managed CLOs.

<sup>2</sup>Excludes structured credit positions held in funds categorized as Liquid and Alternative Credit Strategies/accounts that are invested in Brigade managed CLOs.

<sup>3</sup>This figure represents committed capital to the strategy as of March 31, 2025. Assumptions and projections are speculative in nature, and it can be expected that some or all of the underlying assumptions will not materialize or will vary significantly from actual results, and such variations may be material.

<sup>4</sup>Includes 18 U.S. CLOs, 6 European CLOs and 2 U.S. CBOs.

## STRATEGY

Brigade offers a broad range of investments across the credit spectrum. Investors can access our credit strategies through commingled funds or separately managed accounts. Brigade 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, where we have influential positions, engagement with management teams to identify potential material risk factors. Insofar as climate-related risks are identified as material and pertinent to an investment, such risks are approached in terms of how the Investment Team believes such risks may have the potential to impact the returns on a given investment.

Issuers receive a Brigade ESG Scorecard based on series of standardized questions created by the Investment Team to determine a baseline of ESG risk associated with each company. Each industry carries more/fewer risks across the E, S, and G categories depending on the nature of its operations and what services or products it provides. The ESG Scorecard analysis conducted will vary from investment to investment, depending on factors such as the investment's relevant asset class, industry, geography, and position within the capital structure.

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.

Where climate-related risks may be deemed material to an issuer or issuance, Brigade seeks to ensure that the risk/return profile of the potential investment accurately reflects such climate risks. Ultimately, ESG considerations inform our decision making, but it is important to note that this is one of many qualitative and quantitative inputs into our investment process, not a primary objective.

Investments are regularly monitored for ESG-related risks through review of financials and other disclosures and through the engagement process.

There may be instances in which the identified ESG risk is appropriately reflected in the price of an issue. In this case, we may invest despite climate risk concerns and later seek to mitigate these risks through engagement. 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.

The standard holding period of Brigade's investments will vary by asset class and strategy. Within the context of most climate-related risks, as Brigade's strategy is trading-oriented and primarily focused on maintaining liquidity, the typical holding period of an investment may generally be categorized as relatively short-term in nature (i.e., less than several years). Brigade's typical holding period may average from less than one year to a year and a half (Brigade may hold exposure to the same issuer over multiple issuances, constituting multiple holding periods); several longer-term (several years) holdings may exist when Brigade is dealing with restructurings or distressed opportunities. The primary exception to the aforementioned timeframes is Brigade's private credit strategy, which typically invests in companies for five to seven years.

As a fixed income investor, Brigade is especially conscious of repayment risk, and given our investment focus and typical holding periods, we may focus on those climate-related risks that are most likely – in the opinion of our investment professionals – to carry greater financial significance in the near-term, such as a company's response to a severe weather event affecting product output or the impact of regulatory change on a company's operations. Brigade's exposure to material climate-related risks and opportunities primarily lies within the investment portfolios. As highlighted in the Introduction, these risks may include myriad physical risks including but not limited to impaired assets of our corporate issuers, reputational risk associated with environmental-related actions or litigation, and supply chain risk. Several opportunities may include the ability to invest in climate adaptation and/or mitigation related technologies and investing in issuers with comparatively better ESG profiles than peers, thus potentially attracting more customers and greater revenue.

## STRATEGY (CONTINUED)

Brigade does not presently conduct formal climate scenario analyses of its investment portfolios. However, as described within the Risk Management portion of this report, Brigade works with a third-party to assess potential physical risks of sampled holdings across several climate scenarios; the output of these assessments may inform engagement opportunities.

Brigade's exposure to climate-related risks and opportunities is relatively minimal at the firm-level. Brigade employees have the ability to work remotely if necessary and the firm conducts annual tests of the Disaster Recovery and Business Continuity Policies. At the firm-level, climate-related risks and opportunities are most likely to present themselves in the form of increased regulatory reporting requirements and increased investor reporting requests, which may carry regulatory risk and additional financial costs, respectively.

## PORTFOLIO ASSESSMENT

In order to establish a position in Brigade's portfolios, each company must pass a qualitative screen which allows for ESG measures to be integrated on a line-by-line basis. Investment ideas must pass an investment screen, which includes research of both a quantitative and qualitative nature, before they are presented to the Investment Committee.

The Investment Team aims to assess each corporate issuer using the Brigade ESG Scorecard (the "ESG Scorecard"). The ESG Scorecard is made up of two sets of questions; the first, completed prior to investment, is a series of 5 high-level questions that are standard for every issuer. These initial questions cover ESG data transparency, ESG controversies, DEI, and MSCI data availability. Issuers can receive an above average, average or below average ranking. This is our preliminary assessment tool that can be used while data for the detailed scorecard is gleaned but does not carry the same weight in our evaluation as the next assessment.

The second and more detailed set of questions Brigade analysts have developed focuses on industry-specific criteria. Each industry carries more/fewer risks across the E, S, and G categories depending on the nature of its operations and what services or products it provides. For instance, financial companies will have more factors relating to social and governance issues and fewer relating to environmental issues.

Each response on this question set is given a rating of superior (+15), satisfactory (+5), lagging industry (-5) or weak (-15).

Once the responses to the ESG Scorecard are recorded, the points associated with each ranking are assessed using a weighted average. As previously noted, the scores for the E, S, and G categories will be weighted differently based on relevance. This final numeric score is then put on a 10-point scale and assigned a letter rating.

ESG Scorecards can be updated by analysts at any time over the course of their ongoing research coverage of an issue, but analysts aim to review ESG Scorecards at least annually for material changes. Often, updates are the result of quarterly calls with company management or separate engagement conversations.

In addition to the robust research process which creates a system of constant monitoring of portfolio credits, ESG factors are monitored through automated alerts and internal reporting. At the beginning of each month, each analyst receives an internal email detailing all MSCI rating or controversy flag changes for their covered issuers using an MSCI data feed to Brigade's proprietary systems. A full list of these changes is also reviewed by the ESG Committee. Additionally, on a quarterly basis, a sample set of portfolios/investments across our product offerings as well as two relevant indexes are assessed using MSCI ESG analytics and Brigade scores to determine the level of ESG risk associated with each. These reports include MSCI data coverage, MSCI ESG ratings, rating drivers, industry scores, and carbon footprint data such as financed emissions, WACI, and carbon intensity.

We believe that this reporting assists us in risk mitigation. We believe that lower emissions values can indicate a company's preparedness for a transition to a low-carbon economy and therefore carry a lower risk than peers with higher emissions values. We also look at the overall governance scores of portfolios which we believe can be an indication of a company's ability to mitigate physical and transition risks.

# ESG Scorecard Summary

The matrix below details the score calculation based on the responses to Brigade's ESG Scorecard.

	Issuer		Industry	
	Sample		Industrials	
	Environmental	Social	Governance	Overall
Raw Score <sup>1</sup>	12.5	10.0	5.0	27.5
Materiality Weight <sup>2</sup>	40%	45%	15%	100%
Weighted Average Score <sup>3</sup>	5.0	4.5	0.75	10.25
Rating <sup>4</sup>	AAA	AAA	BBB	AAA

Notes				
	Our analyst notes an expansive ESG Policy. Most notably, the company has pledged net zero by 2050 and has reduced their emissions by 5% annually since their baseline 2017 values.	The company has positive relations with employee unions and tracks employee safety very closely.	While we believe the management team in place to be competent and successful, there is still a marked lack of diversity among higher management.	Overall, we believe this company to have very few ESG-related risks. We will continue to monitor this company as part of our ongoing research process.

Please see slide 32 for additional disclosures.

This slide is provided for illustrative purposes only.

<sup>1</sup>Raw scores are calculated based on the responses to Brigade's ESG Scorecard. Each question on this question set is given a ranking of superior (+15), satisfactory (+5), lagging industry (-5) or weak rating (-15). Total raw score is out of 45 to -45.

<sup>2</sup>Each industry carries more/fewer risks across the E, S, and G categories depending on the nature of its operations and what services or products it provides. The materiality weight of each category has been dictated by Brigade and the Private Credit Team.

<sup>3</sup>E, S and G scores are multiplied by the corresponding materiality weighting which dictates the overall ESG score of an issuer.

<sup>4</sup>Normalized scores are then converted to a letter rating (AAA, AA, A, BBB, BB, B, or CCC).



# Brigade Ratings

## The Brigade Investment Universe

### Brigade Bond Universe ESG Score Summary (12/31/2024) (Numeric scores are out of 10)

Overall Rating	Overall Score	E Score (Weight – 28%)	S Score (Weight – 38%)	G Score (Weight – 34%)	Coverage
BBB	4.5	5.3	4.7	4.4	93%

### Brigade Loan Universe ESG Score Summary (12/31/2024) (Numeric scores are out of 10)

Overall Rating	Overall Score	E Score (Weight – 25%)	S Score (Weight – 40%)	G Score (Weight – 35%)	Coverage
BBB	4.5	4.7	4.4	4.6	92%

- Brigade produces a quarterly internal monitoring report to track the proprietary scores of our investments over time.
- Brigade scores assist us to highlight areas of potential risk or opportunities we may seek to focus on during future engagements.
- Issuers in the Brigade Investment Universe scored using the ESG Scorecard received an average rating of BBB as of 12/31/2024

The data is presented for the long exposure to bonds and loans across all of Brigade's funds (the "Brigade Bond Universe" and the "Brigade Loan Universe", respectively. Together, the "Brigade Investment Universe"). The data presented was prepared by Brigade using proprietary research gathered as part of our ESG Scorecard assessments. While all the information presented herein is believed to be accurate, Brigade makes no express warranty as to the completeness or accuracy. The historical portfolio construction should not be viewed as an indication that future construction will remain the same. Brigade may modify its portfolio characteristics and exposures at any time and in any manner that it believes is consistent with a fund/account's overall investment objective, in response to market conditions or other factors without notice to investors. No representation is being made that a portfolio will or is likely to achieve profits or losses. There can be no guarantee that a fund/account's investment objective will be achieved or that a fund/account will not suffer losses. Please refer to slide 32 for additional disclosures.

## RISK MANAGEMENT

Brigade seeks to control risk through a top-down approach, limiting the magnitude of potential capital losses. Risk is also controlled through Brigade's investment process, which is bottom-up. Investment opportunities are assigned a relative risk ranking and compared against alternative investments. This risk ranking is determined by the following: asset coverage, free cash flow generation, credit ratings, liquidity, industry conditions, earnings outlook, and strength of management. This allows the Investment Team to compare the yield and total return potential of an idea relative to other ideas with a similar risk profile.

Brigade 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 which leverages external ESG data, in-house qualitative assessment, and engagement with management teams to identify potential material risk factors.

The risks associated with climate change are some of many criteria considered when establishing an issue's risk ranking. The Investment Team may include these considerations into the pricing of new issues, to determine the size of a position, and to identify engagement topics and pathways. The ESG analysis conducted will vary from investment to investment, depending on factors such as the investment's relevant asset class, industry, geography, and position within the capital structure.

Just as each characteristic of an investment helps determine which ESG issues are material, it also dictates 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 our decision making, but it is important to note that this is one of many qualitative and quantitative inputs that go into our investment process, not a primary objective. Investments are regularly monitored for ESG-related risks through review of financials and other disclosures and through the engagement process.

There may be instances in which the identified ESG risk is appropriately reflected in the price of an issue. In this case, we may invest despite climate risk concerns and later seek to improve upon these through engagement. 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. The purpose of these engagement 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. Brigade believes that, in general, companies with strong ESG programs/practices that address climate change have better governance structures and therefore carry less risk overall.



During 2023, Brigade performed a climate risk analysis to determine potential physical risks associated with our office locations and sampled portfolio holdings with the assistance of its ESG Consultant, ACA, and a third-party provider, Sust Global. The assessment was refreshed with a new sample of portfolio holdings during 2024.

## Climate Scenarios Introduction:

Sust Global covers climate scenario analysis following climate scenario definitions set forth from the Intergovernmental Panel for Climate Change - Coupled Model Intercomparison Project-Phase 6 IPCC CMIP6.

## Climate Scenarios Definitions:

**Strong Mitigation:** This scenario covers the optimal sustainable path, also referred to as the Green Road (SSP1-RCP2.6). It encompasses socioeconomic and representative emissions pathways consistent with a gradual and pervasive global shift towards a more sustainable future. Carbon emissions begin to decline around 2020 and global mean temperatures rise approximately 1.8°C by 2100, a key goal of the Paris Climate Agreement.

**Middle of the Road:** This scenario covers a middle path, with challenges to climate mitigation (SSP2-RCP4.5). In this scenario, environmental systems experience degradation, and climate change worsens through the end of the century. In this scenario, overall emissions continue to rise through mid-century before beginning to decline. This is a likely scenario if governments and policy reflect a strong sense of urgency toward climate adaptation. Global mean temperatures rise approximately 2.4°C by 2100, but greater emissions raise the risk of tipping points.

**High Emissions:** This scenario covers a future where the world continues on its current trajectory, also referred to as Fossil-Fueled Growth (SSP5-RCP8.5). Global markets are increasingly integrated and both total population and per-capita consumption increase. Emissions peak around 2090 and global mean temperatures rise approximately 4.3°C by 2100.

## CLIMATE RISKS ASSESSED

### Flooding

The probability of any flooding (both from precipitation-based inland flooding and from coastal flooding) at the asset location.

### Heatwave

The count of days in a year greater than the 98th percentile of the historical daily high temperature at the asset location.

### Sea Level Rise

The magnitude in increase of nearby sea levels in meters for coastal areas within 5km of asset location.

### Cyclones

The probability of a cyclone (or hurricane) greater than category 2 at the asset location.

### Wildfire

The probability of any fire within 1km of the asset location.



















### Water Stress

The mean of (1) ratio of water withdrawals from aquifer-to-aquifer recharge and (2) standardized precipitation-evapotranspiration index (SPEI) drought index at the asset location.



















# Risk Assessment – Scenario Analysis

Brigade has offices in New York and London. Brigade’s physical office location results:

## New York

	Strong Mitigation	Middle	High Emissions
Flooding			
Heatwave			
Sea Level Rise			
Cyclones			
Wildfire			
Water Stress			

## London

	Strong Mitigation	Middle	High Emissions
Flooding			
Heatwave			
Sea Level Rise			
Cyclones			
Wildfire			
Water Stress			

 Low

 Medium

 High

Given that climate risk profiles are not expected to change significantly on a year-to-year basis, Brigade expects to conduct a physical risk assessment of its office locations on a bi-annual basis, the results shown above reflect the analysis of the physical office location results assessed in 2023. The findings above look at the maximum risk exposure to flooding in various climate scenarios over a projected 30-year window from 2023 to 2053. We will seek to refresh this analysis at least biennially. Please refer to slide 32 for additional disclosures.

# Risk Assessment – Scenario Analysis



New York has high **flooding** risk over the next 30 years across all climate scenarios. Conversely, London has a low flooding risk over the same period.



Both locations are projected to have low **heatwave** risk exposure across all climate scenarios over the next 30 years. Heatwave risk decreases for the locations over shorter time windows (5 and 15 years).



London is projected to have low **sea level rise** risk exposure across all climate scenarios over the next 30 years. While the current risk is moderate, sea level rise risk decreases for New York over shorter time windows.



New York is projected to have high **cyclone or hurricane** risk exposure across all climate scenarios.



Both locations are projected to have low **wildfire** risk exposure over the next 30 years across all climate scenarios.



New York is projected to have high **water stress** risk exposure over the next 30 years, while London is projected to be at medium risk. Risk exposure for New York decreases over shorter time windows.

# Climate Risk Assessment – Domtar

## BACKGROUND

During 2024, Brigade performed a climate risk analysis with the assistance of its ESG Consultant, ACA, and a third-party provider Sust Global. Brigade evaluated a selection from the top 60 issuers with the greatest allocation across all Brigade portfolios (as of 6/30/2024) to perform the climate risk analysis. Brigade's objective with this exercise was to better understand how a sampling of our holdings might be exposed to physical climate risks over several time horizons and how the results might inform our existing risk management and engagement processes. The results provide the maximum climate risk in various climate scenarios<sup>1</sup> over a projected window (5-years, 15-years, and 30-years) across six climate hazards<sup>2</sup>.

One of the sampled issuers is Domtar Corporation ("Domtar"), a North American pulp and paper company that manufactures and markets wood fiber-based pulp and paper products. Domtar lists five types of facility locations on its website: pulp & paper mills (9), paper manufacturing & converting sites (9), corporate offices (2), packaging mill (1) and regional replenishment centers (10). Of these facilities, we analyzed data for one packaging mill (Kingsport, TN), the largest manufacturing & converting site by output capacity in tons (West Carrollton, OH), and the two largest pulp & paper mills (South Ashdown, AR and Windsor, QC) based on air dry metric tons of annual pulp capacity in 2023. Domtar is currently rated AA by Brigade's ESG scorecard analysis, largely driven by positive factors related to the environmental considerations associated with the business. Domtar implemented recycling initiatives and participates in the Family Forest Carbon Program, which is designed to enhance carbon sequestration in family-owned forestland in the U.S.

## CLIMATE ASSESSMENT

The assessment determined Domtar's climate risk to be moderate across all emissions mitigation scenarios over the time horizons evaluated:

- All assessed facilities are projected to face low flooding risk exposure across all assessed time horizons and scenarios.
- All assessed locations are projected to have moderate heatwave risk exposure across over the next 30 years, with the South Ashdown mill projected to experience moderate level heatwave risk exposure over the next 15 years. Heatwaves, in addition to driving up electricity demand to cool facilities, may also lead to health and safety concerns depending on the labor required to operate these facilities.
- All assessed locations are projected to have low sea level rise risk exposure across all assessed climate scenarios and time horizons.
- The only assessed location with high cyclone risk exposure is the Windsor mill, with risk exposure falling to a moderate level over the next 15 years. The Kingsport mill is also projected to face moderate cyclone risk across all assessed climate scenarios and time horizons.
- The West Carrollton mill is projected to face moderate wildfire risk exposure across all assessed climate scenarios and time horizons; the Windsor mill is projected to face moderate wildfire risk exposure in a high emissions scenario across all assessed time horizons.
- All assessed Domtar facilities, except for the Windsor mill, are projected to face moderate water stress risk exposure over the next 30 years in a middle or high emissions scenario; risk exposures decrease in the near-term.
- We may seek to moderate/high risks heatwave, water stress, and wildfire concerns over the course of future engagements.



This case study is presented for information purposes in order to present examples of Brigade's preliminary analytical methods and approach to addressing climate risks. This assessment was performed separately from the general investment analysis or Brigade ESG Scorecard completion process. This information should not be construed as a performance record or as an indicator of future performance results. The case studies should not be considered a recommendation to purchase or sell any particular security. There can be no assurance that any securities discussed herein remain in the portfolios of accounts managed by Brigade or if sold will not be repurchased. The securities discussed in this presentation do not represent the entire portfolio of the relevant accounts and in the aggregate represent only a small percentage of overall portfolio holdings in such accounts. Prospective investors should not assume that any of the holdings discussed in this presentation have been or will be profitable, or that recommendations made in the future will be profitable or will equal the investment performance of the securities discussed herein. The above reflects Brigade's opinion at the time of the presentation and is subject to change at any time without notice. Please refer to slide 32 for additional disclosures. There is no guarantee that a particular engagement will achieve the desired outcome. The analysis and decisions of Brigade may differ from that of another party and are subject to change.

**Strong Mitigation:** This scenario covers the optimal sustainable path, also referred to as the Green Road (SSP1-RCP2.6). It encompasses socioeconomic and representative emissions pathways consistent with a gradual and pervasive global shift towards a more sustainable future. Carbon emissions begin to decline around 2020 and global mean temperatures rise approximately 1.8°C by 2100, a key goal of the Paris Climate Agreement. Middle of the Road: This scenario covers a middle path, with challenges to climate mitigation (SSP2-RCP4.5). In this scenario, environmental systems experience degradation, and climate change worsens through the end of the century. In this scenario, overall emissions continue to rise through mid-century before beginning to decline. This is a likely scenario if governments and policy reflect a strong sense of urgency towards climate adaptation. Global mean temperatures rise approximately 2.4°C by 2100, but greater emissions raise the risk of tipping points. **High Emissions:** This scenario covers a future where the world continues on its current trajectory, also referred to as Fossil-Fueled Growth (SSP5-RCP8.5). Global markets are increasingly integrated and both total population and per-capita consumption increase. Emissions peak around 2090 and global mean temperatures rising approximately 4.3°C by 2100.

<sup>2</sup>Climate Hazard Definitions: **Water Stress** – mean of (1) ratio of water withdrawals from aquifer-to-aquifer recharge and (2) standardized precipitation-evapotranspiration index (SPEI) drought index at the asset location. **Wildfire** – probability of any fire within 1km of the asset location. **Flooding** – probability of any flooding (both from precipitation-based inland flooding and from coastal flooding) at the asset location. **Tropical Cyclones (aka Hurricanes)** – probability of a cyclone greater than category 2 at the asset location. **Sea Level Rise** – magnitude in increase of nearby sea levels in meters for coastal areas within 5km of asset location. **Heat Wave** – count of days in a year greater than the 98th percentile of the historical daily high temperature at the asset location.



## ENGAGEMENT

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. Brigade's stewardship activities are conducted as follows:

### 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. 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.

# 2024 Engagement Activity

Analysts engaged with issuers on a wide range of environmental, social, and governance related topics.

## FOCUS & THEMES

### Data Transparency

- We seek to encourage our portfolio companies to proactively disclose their ESG related policies and progress to investors. We believe transparency is vital to standardizing data across the market for accurate and comparable analyses.

### Pollution/Waste

- We seek to collaborate with issuers to reduce their pollution and waste outputs. Planning around these factors indicates a dedication to creating sustainable or future-proof businesses which lead to lower cost of capital.

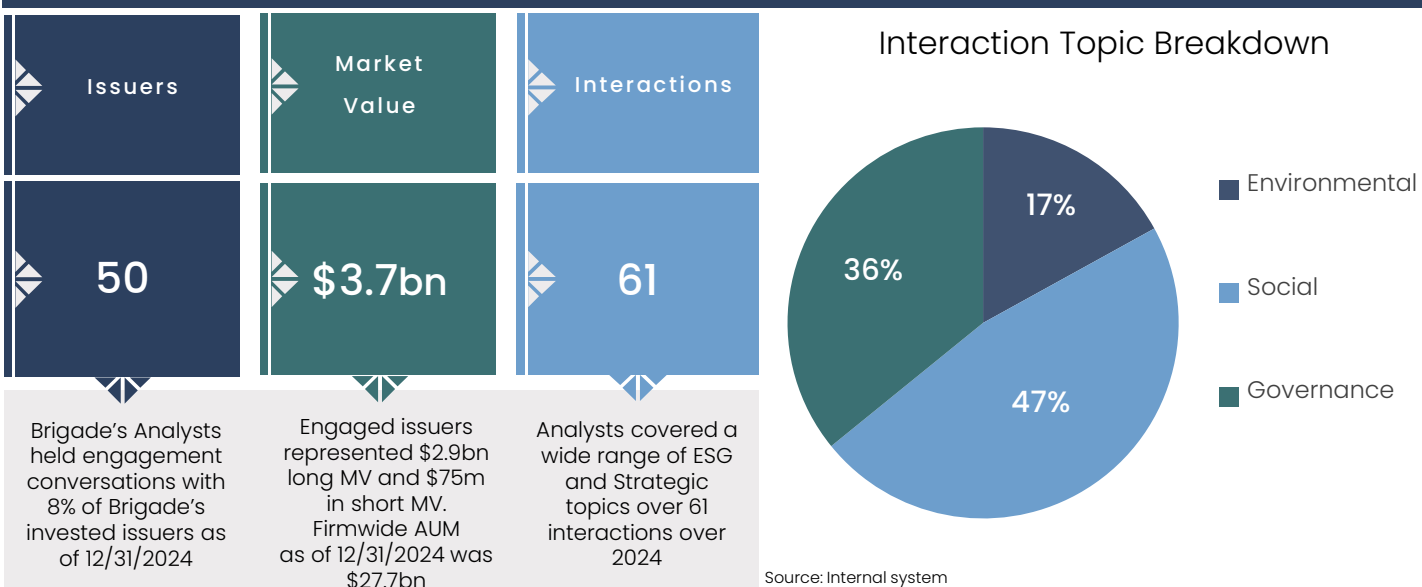
### Human Rights

- We seek to promote policies protecting human/labor rights amongst our invested companies, which we hope will positively influence these practices to be carried through supply chains. In 2024, we added an additional bi-annual review of issuers for material social concerns which is now outlined in our ESG Policy.

### Strong Governance Practices

- Identifying strong management teams is a core tenet of Brigade's investment process across all our products. We believe high quality governance infrastructure will likely drive better risk adjusted returns over time.

## Engagement Summary 2024



Engagements referenced took place over the course of 2024 on a firmwide basis. Please refer to slide 32 for additional disclosures.

# Case Study – Naked Juice LLC

## BACKGROUND & RATIONALE

Brigade currently holds exposure to a Naked Juice LLC (“Naked Juice”) (aka Tropicana) term loan across several funds. Naked Juice is an American brand that produces juices and smoothies. Naked Juice is owned by PAI Partners (“PAI”), a private equity firm, along with brands like Tropicana, KeVita, Izze, Dole and others. These brands, including Naked Juice, have a long-standing supply agreement with Citrusuco, which is the largest global producer of orange juice concentrate representing approximately a quarter of global supply. Brigade’s analysts were able to speak with representatives from PAI.

In July 2024, Naked Juice received a downgrade from B3 to Caa1 to its Corporate Family Rating by Moody’s. Moody’s noted that the credit rating was materially affected by their analysis of the risks associated with accessing orange crops. Poor weather conditions driven by climate change as well as a citrus fruit disease called “greening” have weakened Moody’s confidence in the company. On the 4Q23 earnings call held in May 2024, the company disclosed that chilled orange juice was 37% of total sales, with ambient representing another 12%. Following the news of this downgrade, Brigade’s analysts had the opportunity to speak with PAI for information about what actions were being taken to address Moody’s concerns.

This is one of the first times we have seen ESG considerations appear as a primary driver of credit ratings. We believe that, given the heavy reliance on the environment, climate change may have a material impact on the sustainability of the business or at least some of the product lines.

## ACTION TAKEN

PAI stated that the downgrade was unexpected given what they assure us is a unique and strong supply relationship with Citrusuco. They noted that there were currently no material concerns about obtaining their required supply of concentrate because of this relationship, which also includes price protection. PAI stated that they have attempted to conduct further conversations with Moody’s as they believe the downgrade to be unfairly focused on the issue of greening. According to PAI, greening has historically been well-managed by Citrusuco, but an industry-wide issue. That said, greening has been a significant driver in moving production of oranges from Florida to Brazil. Citrusuco’s sustainability is strengthened by the long list of farms from which to source and sustainable practices. While greening seemed to be handled, Brigade sought to perform additional analysis on the additional climate related risks.

Brigade performs an annual analysis for a small sample of physical locations associated with our investments. During this year’s analysis, we analyzed the five largest Citrusuco farms in Brazil: Entre Rios, Rio Pardo, São João, Monte Verde and Constância

Brigade’s objective with this exercise was to better understand how Naked Juice’s orange supply might be exposed to physical climate risks over several time horizons and how the results might inform our existing risk management and engagement. The results provide the maximum climate risk in various climate scenarios over a projected window (5-years, 15-years, and 30-years) across six climate hazards.

Our analysis indicated that heatwaves, wildfire and water stress were of the greatest concern, with only one site, Rio Pardo, showing risk of flooding exposure. All assessed locations of Citrusuco are projected to have medium heatwave risk exposure across middle and high emissions climate scenarios over the next 30 years, as well as across the next 15 years in a high emissions scenario. The Entre Rios and Constância farms are projected to have high wildfire risk exposure across all assessed climate scenarios over all assessed time horizons. The São João and Constância farms are projected to have high water stress risk exposure across the middle and high emissions scenarios over the next 30 years, with risk exposure decreasing to a moderate level in the near-term.

## NEXT STEPS

We may aim to share the results of this analysis with PAI as we examine the next year of production rates, and the impact climate change has on Naked Juice. At this time, we are satisfied with the shorter-term response and protections of Naked Juice’s concentrate access. Citrusuco has an ESG program in place that appears to be well positioned to handle climate risks and sustain its business into the foreseeable future. According to their ESG report<sup>1</sup>, Citrusuco:

- Is the first company in the global citrus sector and the second in Brazil’s food and beverage chain to achieve approval by Science Based Targets (SBTi)
- Increased water usage efficiency which will assist in future water stress situations
- Has a 73% certified sustainable fruit supply, with a goal to reach 100% – including owned and third-party fruit – by 2030

These initiatives along with the ample supply of farming land leads us to believe that despite Moody’s concerns around the reliance of Naked Juice on the environment, the company in fact has systems and relationships in place that anticipate and mitigate negative these risks.

This case study is presented for information purposes in order to present examples of Brigade’s preliminary analytical methods and approach to addressing climate risks. This assessment was performed separately from the general investment analysis or Brigade ESG Scorecard completion process. This information should not be construed as a performance record or as an indicator of future performance results. The case studies should not be considered a recommendation to purchase or sell any particular security. There can be no assurance that any securities discussed herein remain in the portfolios of accounts managed by Brigade or if sold will not be repurchased. The securities discussed in this presentation do not represent the entire portfolio of the relevant accounts and in the aggregate represent only a small percentage of overall portfolio holdings in such accounts. Prospective investors should not assume that any of the holdings discussed in this presentation have been or will be profitable, or that recommendations made in the future will be profitable or will equal the investment performance of the securities discussed herein. The above reflects Brigade’s opinion at the time of the presentation and is subject to change at any time without notice. Please refer to slide 32 for additional disclosures. There is no guarantee that a particular engagement will achieve the desired outcome. The analysis and decisions of Brigade may differ from that of another party and are subject to change. 1. [Citrusuco-RA-22-23-EN.pdf](#).



# Appendix

# Firm-Level Sustainability Efforts

Brigade aims to continuously improve firm behavior to reflect our commitment to combating climate change. We will continue to monitor our carbon footprint to make reductions whenever possible, offset emissions when appropriate, and strive to become a more sustainable business overall.

Behavioral shifts we have made recently include:



In 2024, Brigade employees continued a hybrid work schedule as we worked to complete office renovations. This reduced Brigade's energy consumption (electronics & lights off or on power-save mode).



We recently completed renovations to our New York Headquarters which included the addition of energy efficient lighting and other sustainable choices whenever possible.



Virtual meetings and presentation materials whenever possible.



When material and applicable, marketers will seek to consolidate meeting dates to create more efficient itineraries.



All Brigade employees were issued a reusable bottle in 2023 which has continued our progress in reducing single-use plastics.



Recycling bins are located in each office, workstation, and common area.



We continue to allocate a portion of our annual charitable donation budget and will seek to allocate funds to help combat climate change or to aid those affected.

# Our Carbon Footprint

The firm has performed analyses to understand the carbon footprint associated with Brigade's business operations. Using a business travel log, commuter data, and electricity bills, we have calculated our firm's carbon footprint annually, beginning in 2019, using the GHG Protocol and World Resources Institute's GHG Emissions Tool. As we return to pre-Covid levels of travel and commuting, we have noted the normalization of our emissions values. Additionally, we experienced a general increase in business travel related to marketing activity as we prepared for the launch of our Private Credit Fund, among other projects.

450 carbon offset credits were purchased to neutralize 2024 business operations emissions. Our donation has been allocated to a renewable wind energy power project by DDWL, India (Project ID: 5673). Per Gold Standard's website, this wind project will reduce greenhouse gas emissions by approximately 59k MTCO<sub>2</sub>e annually and displace 63k MWh/year of electricity from fossil fuel-based power plants in the Indian electricity grid. The total estimated emission reduction for the chosen renewable crediting period is 413k MTCO<sub>2</sub>e. We will continue to monitor our emissions with this annual analysis. We aim to reduce or offset this value as time goes on.

Gold Standard's website (<https://www.goldstandard.org/>) states:

Gold Standard was established in 2003 by the World Wildlife Fund and other international NGOs. Gold Standard sells verified emission reductions on behalf of participating project developers. To ensure that projects remain viable, a minimum price is applied for each different project type. This minimum price is calculated based on the Fairtrade carbon credit pricing model and adjusted by 2 cents for every \$ of shared value created to take into account the added benefits delivered beyond simply reducing carbon. 85% of the proceeds go to the project developers to help maintain and expand their climate protection projects. The remaining 15% is used to cover variable foreign exchange rates and service charges and the administrative costs in maintaining the platform and transparently retiring *the credits*. Gold Standard seeks abide by the guidance set out under the Paris Agreement and subsequent revisions made by the Conference of Parties; the Gold Standard leverages the SDGs and utilizes methodologies for each assessed SDG. See more details at:

<https://globalgoals.goldstandard.org/427-list-of-eligible-cdm-gs-methodologies/>

Total Emissions <sup>1</sup>	2019 MTCO <sub>2</sub> e	2021 MTCO <sub>2</sub> e	2022 MTCO <sub>2</sub> e	2023 MTCO <sub>2</sub> e	2024 MTCO <sub>2</sub> e
Total Scope 1 <sup>2</sup>	0.0	0.0	0.0	0.0	0.0
Total Scope 2	100.1	81.3	131.6 <sup>3</sup>	129.3 <sup>3</sup>	136.0
Total Scope 3	274.3	138.8	303.7	322.1	272.6
<b>TOTAL Emissions</b>	<b>374.4</b>	<b>220.1</b>	<b>432.3</b>	<b>402.4</b>	<b>408.6</b>

Project details: <https://registry.goldstandard.org/projects/details/1003>

<sup>1</sup>Brigade's carbon footprint was calculated by our ESG consultant, ACA, based on company electric bills, business travel itineraries and distances/modes of transportation taken by commuters. Due to the complex nature of calculating emissions, all values referenced should be viewed as estimates. Gold Standard is a firm that offers voluntary offset programming focused on progressing the United Nation's Sustainable Development Goals (SDGs). Scope 2 emissions included purchased electricity for Brigade's New York Office. Scope 3 emissions included business travel (air and rail) and employee commutes.

<sup>2</sup>Brigade does not own assets that would be associated with Scope 1 emissions.

<sup>3</sup> 2022 and 2023 Scope 2 emissions estimated have been updated to include additional data.



# Carbon Footprint: Investments

## Brigade Investment Universe

### Brigade Bond Universe

#### Carbon Footprint (12/31/2024)

Scope 1+2 Emissions (tons CO <sub>2</sub> e)	Financed Carbon Emissions (tons CO <sub>2</sub> e/\$m invested)	Scope 1+2 Coverage	WACI (Scope 1+2)	WACI (Scope 1+2) Coverage
1,283,302.3	150.3	81.4%	255.2	82.3%
Scope 3 Upstream Emissions	Financed Carbon Emissions	Scope 3 Coverage	WACI (Scope 3 Upstream)	WACI (Scope 3 Upstream) Coverage
1,207,544.4	141.5	81.7%	238.2	82.3%
Scope 3 Downstream Emissions	Financed Carbon Emissions	Scope 3 Coverage	WACI (Scope 3 Downstream)	WACI (Scope 3 Downstream) Coverage
2,662,375.9	311.9	81.7%	541.6	82.3%

### Brigade Loan Universe

#### Carbon Footprint (12/31/2024)

Scope 1+2 Emissions (tons CO <sub>2</sub> e)	Financed Carbon Emissions (tons CO <sub>2</sub> e/\$m invested)	Scope 1+2 Coverage	WACI (Scope 1+2)	WACI (Scope 1+2) Coverage
1,126,126.0	86.8	30.7%	121.3	31.1%
Scope 3 Upstream Emissions	Financed Carbon Emissions	Scope 3 Coverage	WACI (Scope 3 Upstream)	WACI (Scope 3 Upstream) Coverage
2,066,906.7	159.3	30.0%	218.7	30.3%
Scope 3 Downstream Emissions	Financed Carbon Emissions	Scope 3 Coverage	WACI (Scope 3 Downstream)	WACI (Scope 3 Downstream) Coverage
4,001,278.4	308.5	30.0%	311.6	30.0%

- In an effort to provide increased transparency to our stakeholders, Brigade is disclosing the first estimated footprint of our financed emissions for our invested universe.
- These estimates cover approximately 46% of Brigade's long exposure<sup>1</sup> across all investment vehicles.
- Data for the carbon footprint estimates was sourced from MSCI.
- Please refer to the next slide for details on each metric calculation.

The data is presented for the long exposure of the Brigade Investment Universe and is calculated using Enterprise Value Including Cash or EVIC. The data presented was prepared by Brigade using MSCI's ESG reporting. MSCI emissions data may include estimated values. Brigade does not currently have emissions reduction targets in place. While all the information presented herein is believed to be accurate, Brigade makes no express warranty as to the completeness or accuracy. The historical portfolio construction should not be viewed as an indication that future construction will remain the same. Brigade may modify its portfolio characteristics and exposures at any time and in any manner that it believes is consistent with a fund/account's overall investment objective, in response to market conditions or other factors without notice to investors. No representation is being made that a portfolio will or is likely to achieve profits or losses. There can be no guarantee that a fund/account's investment objective will be achieved or that a fund/account will not suffer losses. Please refer to slide 32 for additional disclosures.

<sup>1</sup>It is important to note that while the data for all issuers was entered into the MSCI Analysis tool, not all issuers have emissions data coverage.

# Footprint Metrics on Investor Allocation Definitions

## Financed Carbon

*Emissions tons CO2e / \$M invested*

Allocated emissions to all financiers (EVIC) normalized by \$m invested. Measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization).

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (\$M)}}$$

## Total Financed Carbon

*Emissions tons CO2e*

Allocated emissions to all financiers (EVIC). Measures the total carbon emissions for which an investor is responsible by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalization).

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$$

## Financed Carbon Intensity

*Intensity tons CO2e / \$M sales*

Allocated emissions per allocated sales. Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalization).

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's \$M revenue}_i \right)}$$

## Weighted Average Carbon Intensity ("WACI")

*Corporate constituents tons CO2e / \$M sales*

Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales).

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$

# ESG Scorecard Overview

Scorecards are completed and stored in a proprietary ESG Dashboard in our systems. A sample of this interface is show below:

File Reports
Analyst: ALL

Analyst	Ticker	Issuer	Δ	Market Value (\$MM)										Last Updated	
				TOTAL	Hedge Fund	Structured Cr	Specialized	Blended	Oppt Credit	Bank Loan	Long Only HY	CLO	Date	By	
MD				7.4										02/14/2022 9:02:49 AM	mdambisi
KB				81.5						15.9	14.9			50.7 02/15/2022 11:01:53 PM	cdillon
LL				36.7						12.7	6.1			17.8 05/24/2022 11:08:47 AM	liebard
PGR				26.2							5.8			20.5	
AP				0.2					0.2					02/14/2022 4:03:04 PM	cfreeman
PGR				53.7					0.6			39.3		13.8 06/14/2022 4:21:08 PM	cdillon
AN				63.1					0.4	12.8		46.6		3.3 02/03/2022 3:01:35 PM	anagia
PGR				17.1										17.1 06/16/2021 9:32:00 AM	cdillon
PGR				101.9		1.2				46.0	17.8	32.4		4.5 02/17/2022 4:43:33 PM	cdillon
FK				19.2							3.7			15.4 11/12/2021 4:36:59 AM	fkass
MS				156.3		8.7			1.0	38.6	6.3	97.6		4.1 12/20/2021 4:15:36 PM	sobrien
AP				195.9					2.4	4.4		189.1		12/29/2021 5:17:28 PM	cfreeman
FK				14.9										14.9 05/23/2022 5:57:54 AM	fkass
SS				8.8				0.0	0.0			6.3		2.5 12/07/2021 10:42:08 AM	mdambisi
EN				77.6					0.7					77.6 10/11/2021 5:53:46 PM	cdillon

ESG Scorecard - FIDELITY INVESTMENT CORP
Industry: Financials & Insurance
MSCI ESG Rating: NR

1. Does the Company have MSCI coverage and rating?
If so, what is the current rating?
☐ Yes ☒ No Rate relative to peer group: Below Average
2. Does the Company have a formal ESG policy/report/audit/leadership (BoD ESG committee, etc)?
☐ Yes ☒ No Rate relative to peer group: Below Average
3. Does the Company have any history of ESG events that have impacted its financial performance or reputation?
☒ Yes ☐ No Rate relative to peer group: Average
4. Are Senior Management (CEO, CFO, CIO, CTO, GC) or the BoD visibly diverse?
☐ Yes ☒ No Rate relative to peer group: Below Average
5. Does the Board of Directors include independent directors?
☐ Yes ☒ No Rate relative to peer group: Below Average

Engagement

Engagement		Last Updated	
Date	Note	By	Date
03/16/2022	strategy, financial and reporting - worked with the com.	SYSTEM	06/08/2022 4:21:06 PM

Topic(s): Environment - Climate change/Strategy, Financial and Reporting/Strategy, Finan

Note: strategy, financial and reporting - worked with the company to enhance their ESG reporting which resulted in a comprehensive presentation providing transparency to investor base on policy, performance metrics, credit education and engagement with credit sensitive communities

Environmental (15%)
1. Does the Company have any ongoing environmental clean-up liabilities or reserves?
☐ Yes ☐ No ☒ N/A Rating:
2. Has the Company implemented policies/programs/customer initiatives that encourage/reward minimizing the business's impact on the environment?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
3. Has the Company taken steps to measure/manage its Carbon Footprint [including lending relationships]?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
4. Is the Company and/or the industry exposed to proposed/pending environmental oriented regulation that could meaningfully impact its cost structure?
☐ Yes ☐ No ☒ N/A Rating:

Social (50%)
1. Demonstrate focus on company culture KPIs such as employee engagement, training programs, diversity and inclusion initiatives?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
2. Does the Company attempt to measure and/or track diversity and inclusion among its target end market and business partnerships/relationships?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
3. Does the Company support philanthropic activities and causes [internally and externally]?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
4. Is the Company the subject of any State or Federal investigations including any current Civil Investigative Demands?
☐ Yes ☒ No ☐ N/A Rating: Satisfactory

Governance (35%)
1. Are senior leadership and Board of Director roles clearly identified, structured in a manner that ensures independence?
☐ Yes ☒ No ☐ N/A Rating: Weak
2. Has the Company been a consistent good steward for all its stakeholders?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
3. Has the Company demonstrated a commitment to ensuring strong, diverse accountable leadership?
☐ Yes ☒ No ☐ N/A Rating: Lagging Industry
4. Has the Company demonstrated a commitment to financial accountability transparency?
☒ Yes ☐ No ☐ N/A Rating: Satisfactory

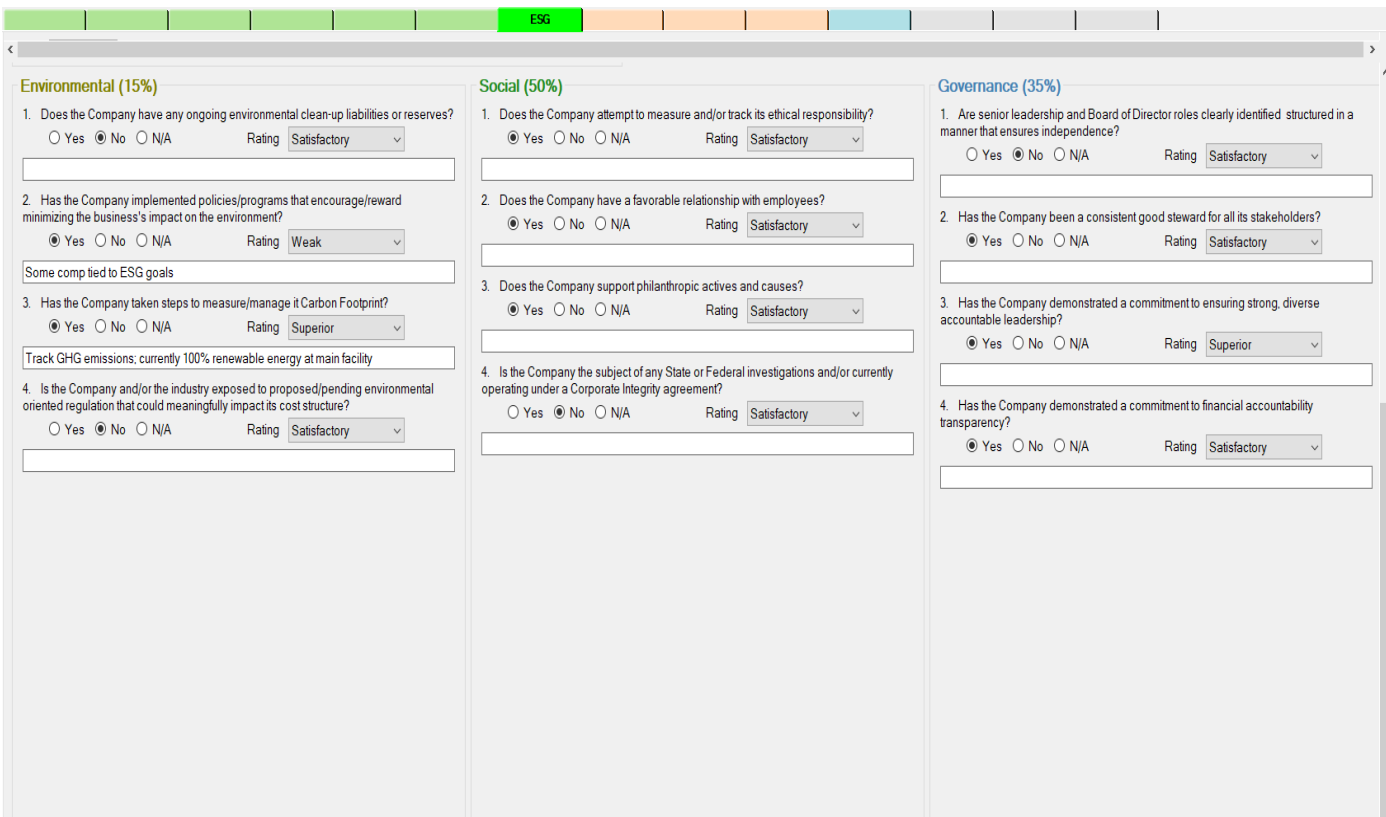
- Issuers are shown by industry and analyst
- Scorecard 1, located on the middle left, is a standardized set of ESG criteria to evaluate all issuers
- Industry and credit-specific sets of ESG factors are used to measure, monitor, and engage on key E, S, & G metrics
- Links are directly embedded for easy access to external and internal research
- We have embedded an engagement module with many dropdown topic options to classify each conversation and track over time

Please refer to slide 32 for additional disclosures.

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# ESG Scorecard Overview

The industry-based portion of the scorecard is shown in more detail below:



The screenshot displays the ESG Scorecard interface, which is divided into three main sections: Environmental (15%), Social (50%), and Governance (35%). Each section contains a list of questions with radio button options (Yes, No, N/A) and a Rating dropdown menu. The Environmental section includes questions about environmental liabilities, policies, carbon footprint, and GHG emissions. The Social section includes questions about ethical responsibility, employee relationships, philanthropic activities, and investigations. The Governance section includes questions about senior leadership, stakeholder stewardship, commitment to strong leadership, and financial accountability. The interface also features a progress bar at the top with colored segments representing different ESG categories.

**Environmental (15%)**

- Does the Company have any ongoing environmental clean-up liabilities or reserves?  
☐ Yes ☒ No ☐ N/A Rating: Satisfactory
- Has the Company implemented policies/programs that encourage/reward minimizing the business's impact on the environment?  
☒ Yes ☐ No ☐ N/A Rating: Weak  
 Some comp tied to ESG goals
- Has the Company taken steps to measure/manage it Carbon Footprint?  
☒ Yes ☐ No ☐ N/A Rating: Superior  
 Track GHG emissions; currently 100% renewable energy at main facility
- Is the Company and/or the industry exposed to proposed/pending environmental oriented regulation that could meaningfully impact its cost structure?  
☐ Yes ☒ No ☐ N/A Rating: Satisfactory

**Social (50%)**

- Does the Company attempt to measure and/or track its ethical responsibility?  
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
- Does the Company have a favorable relationship with employees?  
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
- Does the Company support philanthropic activities and causes?  
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
- Is the Company the subject of any State or Federal investigations and/or currently operating under a Corporate Integrity agreement?  
☐ Yes ☒ No ☐ N/A Rating: Satisfactory

**Governance (35%)**

- Are senior leadership and Board of Director roles clearly identified structured in a manner that ensures independence?  
☐ Yes ☒ No ☐ N/A Rating: Satisfactory
- Has the Company been a consistent good steward for all its stakeholders?  
☒ Yes ☐ No ☐ N/A Rating: Satisfactory
- Has the Company demonstrated a commitment to ensuring strong, diverse accountable leadership?  
☒ Yes ☐ No ☐ N/A Rating: Superior
- Has the Company demonstrated a commitment to financial accountability transparency?  
☒ Yes ☐ No ☐ N/A Rating: Satisfactory

- Relevancy weightings (shown above in parentheses by each topic heading) will differ from industry to industry as well as the questions asked.
- Issuers get E, S, and G ratings as well as the final industry scorecard rating.

## BRIGADE'S ENGAGEMENT MODULE

Brigade's engagement module is built directly into the scorecard interface. Analysts have a wide range of topics to choose from to categorize these conversations and track them over time.

Engagement

Engagement		Last Updated	
Date	Note	By	Date

Topic(s)

Note

### Engagement Prompts

- Entity engaged with
- Engagement theme/topic
- What you have done
- Outcomes and next steps

## ENGAGEMENT TOPICS

### ENVIRONMENTAL

- Climate change
- Natural resource use/impact (e.g. water, biodiversity)
- Pollution, Waste
- Antimicrobial Resistance

### SOCIAL

- Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)
- Human and labor rights (e.g. supply chain rights, community relations)
- Human capital management (e.g. inclusion and diversity, employee terms, safety)
- Inequality
- Public health

### GOVERNANCE

- Board effectiveness – Diversity
- Board effectiveness – Independence or Oversight
- Board effectiveness – Other
- Leadership – Chair/CEO
- Remuneration
- Shareholder rights

### STRATEGY

- Capital allocation
- Reporting (e.g. audit, accounting, sustainability reporting)
- Financial performance
- Strategy/purpose
- Risk management (e.g. operational risks, cyber/information security, product risks)

# ESG Disclosures

BRIGADE CONSIDERS ESG FACTORS IN ITS RESEARCH PROCESS FOR CERTAIN BUT NOT ALL INVESTMENT OPPORTUNITIES. BRIGADE IS UNDER NO OBLIGATION TO CONSIDER ESG FACTORS FOR ANY INVESTMENT OPPORTUNITY. FURTHER, TO THE EXTENT BRIGADE DOES ASSESS ESG FACTORS IN CONNECTION WITH AN INVESTMENT OPPORTUNITY, THE SCOPE OF THE ASSESSMENT WILL VARY FROM CASE TO CASE, AND IN ANY EVENT BRIGADE'S ESG ASSESSMENT WILL NOT BE A DISPOSITIVE FACTOR FOR ANY INVESTMENT DECISION. CERTAIN INVESTMENT OPPORTUNITIES BRIGADE CONSIDERS DO NOT LEND THEMSELVES TO THE CONSIDERATION OF ESG FACTORS.

BRIGADE HAS DEVELOPED INTERNAL POLICIES AND PROCEDURES TO FORMALIZE ITS ESG INTEGRATION PRACTICES AND PROPRIETARY SCORING SYSTEM (INCLUDING THE BRIGADE NEW ISSUE SCORE CARD). THE INFORMATION PRESENTED HEREIN IS INCLUDED MERELY SERVE AS AN EXAMPLE TO DEMONSTRATE HOW CERTAIN ESG FACTORS MAY BE INCORPORATED IN A MANNER CONSISTENT WITH ITS ESG INTEGRATION POLICIES AND PROCEDURES ("ESG POLICY"). THE INFORMATION PROVIDED HEREIN IS BASED ON MATTERS AND EXPECTATIONS AS THEY EXIST AS OF THE DATE OF PREPARATION AND NOT AS OF ANY FUTURE DATE AND WILL NOT BE UPDATED OR OTHERWISE REVISED TO REFLECT INFORMATION SUBSEQUENTLY DEVELOPED. BRIGADE'S ESG POLICY IS SUBJECT TO CHANGE AND ANY TIME AND SUCH CHANGES MAY IMPACT OR ALTER THE INFORMATION PROVIDED HEREIN. IN INSTANCES WHERE ESG FACTORS ARE CONSIDERED IN MAKING INVESTMENT DECISIONS, ESG WILL BE ONE OF MANY FACTORS CONSIDERED AND WILL BE PART OF THE TOTAL MIX OF INFORMATION USED TO MAKE THE INVESTMENT DECISION. IN ADDITION, THERE MAY BE INSTANCES WHERE ESG FACTORS HAVE NO IMPACT ON INVESTMENT DECISIONS MADE BY BRIGADE. LANGUAGE HEREIN RELATES TO CERTAIN ESG EXPECTATIONS OR INTENTIONS, NO ASSURANCE CAN BE GIVEN THAT SUCH EXPECTATIONS OR INTENTIONS WILL BE MET.

TAKING ESG FACTORS INTO CONSIDERATION MAY NOT IMPROVE, AND MIGHT DETRACT FROM, INVESTMENT PERFORMANCE OVER ANY PERIOD OF TIME. BY CONSIDERING ESG FACTORS IN INVESTMENT DECISIONS, BRIGADE MAY INVEST IN A MANNER THAT IT WOULD NOT OTHERWISE HAVE DONE IF ESG FACTORS WERE NOT CONSIDERED. MOREOVER, THERE MAY BE SITUATIONS WHERE BRIGADE DETERMINES TO MAKE A PARTICULAR INVESTMENT EVEN THOUGH BRIGADE DETERMINED THAT THE INVESTMENT IS UNFAVORABLE FROM AN ESG PERSPECTIVE.

BRIGADE MAY USE, AND RELY UPON, THIRD-PARTY PROVIDERS OF ESG SCORES, DATA, REPORTS AND RATINGS (E.G., MSCI) IN ITS RESEARCH PROCESS. BRIGADE WILL ONLY WORK WITH PROVIDERS THAT BRIGADE BELIEVES GENERATE RELIABLE AND ACCURATE INFORMATION, BUT SUCH INFORMATION MAY NOT IN ALL CASES BE RELIABLE AND ACCURATE.

ANY CASE STUDIES CONTAINED HEREIN ARE PURELY FOR ILLUSTRATIVE PURPOSES; AND IS NOT MEANT TO SERVE AS A REPRESENTATIVE PICTURE OF BRIGADE'S PORTFOLIO. FURTHERMORE, THERE IS NO GUARANTEE THAT ENGAGEMENT ACTIVITY(IES) WILL RESULT IN GREATER PERFORMANCE.



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