



# MACKAY SHIELDS SOCIALLY RESPONSIBLE INVESTING POLICY

EFFECTIVE AUGUST 2016

## Overview

MacKay Shields LLC and MacKay Shields UK LLP (collectively, “MacKay Shields”) are proud signatories of the Principles for Responsible Investment (“PRI” or “Principles”), in recognition of the impact that we believe environmental, social and governance (“ESG”) issues can have on long-term investment performance.

## The Principles

The PRI provides a framework for incorporating ESG considerations into investment and ownership practices. In becoming a PRI signatory, each of MacKay Shields’ investment teams commits to adopt and implement over time the following six aspirational principles where consistent with our fiduciary duty to clients:

- Principle 1: Incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: Be active owners and incorporate ESG issues into ownership policies and practices.
- Principle 3: Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: Promote acceptance and implementation of the PRI within the investment industry.
- Principle 5: Work together to enhance our effectiveness in implementing the PRI.
- Principle 6: Report activities and progress toward implementing the PRI.

## Our Approach

**PRI Advisory Committee.** MacKay Shields has established an advisory committee charged with overseeing our PRI efforts. The committee includes senior level representation from each of our four portfolio management teams, legal and compliance, client services and senior leadership team. The committee is chaired by Young Lee, CFA, who is MacKay Shields’ general counsel and co-author of the publication titled “Corporate Governance and ESG: An Introduction” that is part of the CFA Level 1 curriculum.

**Investment and Research.** MacKay Shields has access to ESG-related analytical tools and resources, and continues to assess additional third-party offerings. Both MacKay Shields’ High Yield and Convertible teams assign one or more investment professionals to rate each security purchased in its clients’ portfolios based on environmental, social, and governance criteria. The Global Fixed Income team incorporates certain ESG factors into its fundamental research - most notably pollution and corporate governance. MacKay Municipal Managers™ commits to assessing ESG screening and rating tools applicable to municipal securities when such tools become available in the future.

**ESG Training.** In recognition that best practices in ESG integration are continuously developing, MacKay Shields’ investment professionals are committed to participating in ESG, SRI and PRI-related training programs.

**Reporting.** As part of our commitment as a signatory, the firm will report on our ESG activities to the PRI on a comprehensive basis beginning in 2018 for the 2017 calendar year and each year thereafter.

## **An Ongoing Commitment**

We are committed to strengthening and refining our ESG approach through continued dialogue with industry peers and the UNPRI, assessing third party ESG-related analytical tools and resources, participating in ESG training, and conducting regular meetings of the PRI Advisory Committee to augment our ESG-related reporting and research processes and to document existing activities.