

Avenue Capital Group

Environmental, Social and Governance (ESG) Principles

Most Recently Revised: December 2024

- The purpose of these ESG Principles is to define Avenue Capital Group's ("Avenue") approach to integrating the consideration of environmental, social, and governance ("ESG") risks and value creation opportunities into its investment process and general operation of its business.
- Avenue recognizes the importance of ESG issues and commits to consider ESG issues in the course of investment due diligence and in the monitoring of portfolio investments, to the extent reasonably practicable. Such consideration is subject, in all respects, to the provisions of the applicable fund or client documents or overarching client mandate, and to Avenue's general objective to seek attractive risk-adjusted returns for its clients.
- According to the Global Sustainable Investment Alliance, ESG Integration is the systematic and explicit consideration by investment managers of ESG factors into financial analysis. Avenue intends to consider and, to the extent applicable and practicable, integrate such factors into its initial underwriting and analysis, and ongoing monitoring, of investments and investment strategies.
- Avenue believes that incorporating ESG factors in its initial due diligence and ongoing monitoring of investments can have a positive impact on the financial performance of such investments, and potentially limit downside scenarios from a risk management perspective.
- In creating these ESG Principles, Avenue has considered and employed, as a best practices guideline, the United Nations Principles for Responsible Investment ("UN PRI"). As a signatory to the UN PRI, Avenue intends to pay due regard to the principles promulgated by the UN PRI in applying ESG elements to its business.
- Avenue has adopted these ESG Principles in order to establish parameters for the application of ESG factors into Avenue's quantitative and qualitative analysis and portfolio risk management processes, in addition to the general operation of its business.

Scope

The principles set forth in these ESG Principles may be applied generally across all Avenue funds, strategies and regions. Different investments, investment strategies or funds may require different applications of ESG elements, including a more thorough and robust analysis of ESG risks and other factors, as well as formalized reports setting forth the specific ESG analysis in connection with a particular fund or account.

Roles and Responsibilities

- These ESG Principles have been developed by Avenue senior management, with assistance from Avenue's Compliance Department and personnel involved with Avenue's Sustainable Solutions Strategy.
- These ESG Principles will be discussed and re-evaluated, along with a discussion of any issues or topics arising from these ESG Principles, on no less than a quarterly basis by Avenue's ESG Committee ("ESG Committee"). The Charter of the ESG Committee is attached to these ESG Principles as Annex A.
- Avenue's investment personnel, with guidance from the ESG Committee, are primarily responsible for ensuring that the consideration of ESG issues is integrated into applicable investment processes. Where additional subject matter expertise is needed, Avenue's investment personnel may utilize external resources as they may deem necessary or desirable in their reasonable business judgment.

Applicable ESG-related Issues

- Avenue's investment due diligence and monitoring processes should include a review of relevant ESG factors. The particular ESG issues reviewed will vary based on the applicable issuer's underlying operating business. For example, Avenue's review may include the following topics, where applicable:
 - Environmental factors including impact on a company of environmental costs, for example, through unsustainable natural resource use, waste generation, greenhouse gas emissions or other forms of water and air pollution. Positive environmental factors that may contribute to a firm's profitability or operational efficiencies may include clean energy investments, water supply management and sustainable transport.
 - Social factors including human rights, relations with indigenous people, child labor, worker and consumer health and safety, union relationships, board and workplace diversity, and bribery and corruption. Failure of an issuer to maintain appropriate operational standards with respect to the above-referenced social factors (among others) may result in undue risks.
 - Governance issues including sustainability, director qualifications and conflicts of interest, board structure, executive and director compensation, accounting and audit quality, capital structure, and compliance with applicable governance laws and regulations. As noted by the UN PRI, organizational governance "buy-in" is a crucial element in the effective integration of ESG factors into a business.

Evaluation of ESG-related Issues

- Applicable investment personnel should evaluate ESG issues to determine their potential impact on investment performance, during initial due diligence of the investment and periodically during the monitoring of the investment. Investment personnel should also evaluate ESG issues in the context of risk management and potential downside scenarios, and the various risks that may result in such scenarios. The precise ESG factors to be considered by the applicable investment personnel will depend on the unique attributes of the investment, the industry of the related issuer and the ESG factors and risks that may affect the value or performance of the investment. The evaluation of ESG-related issues should be conducted by the applicable investment personnel in conjunction with Avenue's Risk and Compliance Departments, along with other appropriate personnel.
- When evaluating ESG-related issues during initial and ongoing due diligence, applicable investment personnel may wish to take the following steps, to the extent Avenue has the ability to influence or direct the related portfolio companies:
 - Advocate for consideration of environmental, public health, safety, and social issues by senior management of portfolio companies.
 - Engage relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
 - Consider measures to grow and improve the companies for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues. Engage with appropriate governance structures (e.g., board of directors) of portfolio companies with respect to environmental, public health, safety and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
 - Seek to confirm where applicable that portfolio companies do not utilize child or forced labor or maintain discriminatory policies.
 - Direct compliance with applicable national, state, and local labor laws in the countries in which the portfolio companies operate; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformity with national and local law; and, consistent with

applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

- In addition to the above, Avenue will endeavor, to the extent commercially practicable and consistent with its applicable fiduciary duties to its clients, to adhere to the six principles promulgated by the UN PRI.
- Avenue may wish to consider not investing in, or divesting of, any interest in any portfolio company or potential portfolio company that does not fulfill basic ESG-related standards set forth herein. At a minimum, investment personnel are encouraged to investigate any failures of any portfolio companies to meet the minimum ESG standards set forth herein, to determine if such failures may have a material adverse effect on the investment from a performance or risk management perspective.
- These ESG Principles are intended to apply to any investment by any Avenue fund or account in debt securities, equity securities or loans issued by a single-name issuer. Avenue acknowledges that the degree of influence Avenue may have over a portfolio company will depend on the issuer, the size and nature of the investment, and any formalized governance rights it may have over the portfolio company (i.e., rights to seats on Boards of Directors or consent/consultation rights). Investment personnel may consider such factors relating to the specific investment in applying ESG elements to their due diligence and monitoring of such investment.
- Avenue maintains an Anti-Bribery Policy to ensure compliance with the U.S. Foreign Corrupt Practices Act and other anti-corruption rules and regulations.

Third-Party Service Providers

- In evaluating the merits of engaging a third-party service provider, Avenue personnel considering the engagement of such third-party service provider should also consider ESG factors in determining whether to proceed with the engagement.
- Personnel considering the engagement of a third-party service provider should review any ESG-related policies and procedures maintained by the service provider prior to finalizing the engagement. If the service provider does not maintain ESG-related policies and procedures, or maintains ESG-policies and procedures that are deficient or do not conform to applicable industry standards, applicable Avenue personnel should consider such deficiency in their analysis of whether to proceed with the engagement of such service provider.

Goals of ESG Principles

- The goal of these ESG Principles is to facilitate the integration of ESG factors and analysis into the Avenue's typical due diligence, monitoring and risk management procedures, and to ensure that ESG factors are given appropriate weight when analyzed alongside other quantitative and qualitative factors Avenue personnel have used to evaluate investments and Avenue's business generally.

Implementation of ESG Elements

- Investment personnel are encouraged to bring any ESG issues to the attention of Avenue's Compliance Department, which may refer such matters to Avenue's ESG Committee.
- Avenue's Compliance Department will take appropriate steps to inform investment personnel about these ESG Principles, any changes to these ESG Principles, and any developments in responsible investing or ESG issues generally (whether in connection with the UN PRI or otherwise).

Annex A

ESG Committee Charter

Avenue Capital Group (“Avenue”) recognizes the importance of environmental, social and governance (“ESG”) issues in the investment process and in the general operation of its business.

As such, Avenue has established and maintains ESG Principles (“ESG Principles”) in order to establish parameters for the potential application of ESG factors into Avenue’s quantitative and qualitative analysis and portfolio risk management processes, in addition to the general operation of its business. In order to implement the philosophies and strive for the goals set forth in the ESG Principles, Avenue has established an ESG Committee (the “Committee”) to review Avenue’s implementation of the ESG Principles, whether the goals set forth in the ESG Principles have been reached, any changes that may be necessary or desirable to the ESG Principles and developments in any ESG-related best practices in the investment management industry, among other ESG-related issues. The ESG Committee should also consider any ESG-related mandate or other requirement associated with any Avenue fund or account, or any ESG-related requests or concerns of any investor in any Avenue fund or account.

The Committee is comprised of the following individuals:

<u>Person</u>	<u>Title</u>
Sonia Gardner	President and Managing Partner
Andrew Schinder	Chief Compliance Officer
Thomas Larkin	Chief Financial Officer
John Larkin	Senior Portfolio Manager, Avenue Sustainable Solutions Strategy
Jon Ford	Senior Portfolio Manager, Avenue Europe Strategy
Randal Klein	Senior Portfolio Manager, Global Funds
Craig Hart	Senior Portfolio Manager, Avenue U.S. Strategy
Anil Gorthy	Senior Portfolio Manager, Avenue Asia Strategy
Esther Pan Sloane	Managing Director, Avenue Sustainable Solutions Strategy

Meetings

The Committee shall meet not less than quarterly and conduct periodic reviews of the ESG Principles and to consider whether the goals set forth in the ESG Principles have been reached. The Committee may wish to consider the impact of ESG-related issues on the performance of any investment and any ESG-related issues which comprised a material component of an investment decision. The Committee may also wish to review any ESG-related mandates or requirements of any Avenue fund or account, as well as any ESG-related requests or concerns of any investor in any Avenue fund or account. Finally, the Committee should consider any developments in ESG-related best practices in the investment management industry generally.

Quorum

A quorum is necessary for all meetings of the Committee where any action or determination by the members shall be made. A quorum shall be constituted by the presence of a majority of the members in person or by

means of conference telephone or any other means of communication by which all persons participating in the meeting are able to communicate with each other. Any action taken by the Committee may be ratified in writing by a majority of the members of the Committee.

Books and Records

Minutes of the Committee's meetings as well as retention of appropriate due diligence materials must be saved for seven years, the first two years in an appropriate office of Avenue. Minutes of the Committee's meetings may be retained electronically.