



| LEA 02 | Disclosures: Mandatory | Reason for Interaction | Principle: PRI 1, 2, 3 |
|--|---|------------------------|------------------------|
| Individual/ internal staff engagements | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff | | |
| Collaborative engagements | <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via collaborative engagements | | |
| Service provider engagements | <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via service providers | | |

RI TRANSPARENCY REPORT

2017

SKY Harbor Capital Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status |
|--------|---|
| ✓ | The signatory has completed all mandatory parts of this indicator |
| ☑ | The signatory has completed some parts of this indicator |
| 🔒 | This indicator was not relevant for this signatory |
| - | The signatory did not complete any part of this indicator |
| Ⓜ | The signatory has flagged this indicator for internal review |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

| Organisational Overview | | | | Principle | | | | | | General |
|-------------------------|---|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OO 01 | Signatory category and services | ✓ | Public | | | | | | | ✓ |
| OO 02 | Headquarters and operational countries | ✓ | Public | | | | | | | ✓ |
| OO 03 | Subsidiaries that are separate PRI signatories | ✓ | Public | | | | | | | ✓ |
| OO 04 | Reporting year and AUM | ✓ | Public | | | | | | | ✓ |
| OO 05 | Breakdown of AUM by asset class | ✓ | Asset mix disclosed in OO 06 | | | | | | | ✓ |
| OO 06 | How would you like to disclose your asset class mix | ✓ | Public | | | | | | | ✓ |
| OO 07 | Fixed income AUM breakdown | ✓ | Private | | | | | | | ✓ |
| OO 08 | Segregated mandates or pooled funds | 🔒 | n/a | | | | | | | ✓ |
| OO 09 | Breakdown of AUM by market | ✓ | Private | | | | | | | ✓ |
| OO 10 | RI activities for listed equities | 🔒 | n/a | | | | | | | ✓ |
| OO 11 | RI activities in other asset classes | ✓ | Public | | | | | | | ✓ |
| OO 12 | Modules and sections required to complete | ✓ | n/a | | | | | | | ✓ |
| OO End | Module confirmation page | ✓ | - | | | | | | | |

| Strategy and Governance | | | | Principle | | | | | | General |
|-------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| SG 01 | RI policy and coverage | ✓ | Public | | | | | | | ✓ |
| SG 02 | Publicly available RI policy or guidance documents | ✓ | Public | | | | | | | ✓ |
| SG 03 | Conflicts of interest | ✓ | Public | | | | | | | ✓ |
| SG 04 | | ✓ | Private | | | | | | | ✓ |
| SG 05 | RI goals and objectives | ✓ | Public | | | | | | | ✓ |
| SG 06 | Main goals/objectives this year | ✓ | Private | | | | | | | ✓ |
| SG 07 | RI roles and responsibilities | ✓ | Public | | | | | | | ✓ |
| SG 08 | RI in performance management, reward and/or personal development | - | n/a | | | | | | | ✓ |
| SG 09 | Collaborative organisations / initiatives | ✓ | Public | | | | ✓ | ✓ | | |
| SG 10 | Promoting RI independently | ✓ | Public | | | | ✓ | | | |
| SG 11 | Dialogue with public policy makers or standard setters | - | n/a | | | | ✓ | ✓ | ✓ | |
| SG 12 | ESG issues in strategic asset allocation | ✓ | Public | ✓ | | | | | | |
| SG 13 | Long term investment risks and opportunity | ✓ | Private | ✓ | | | | | | |
| SG 14 | Allocation of assets to environmental and social themed areas | ✓ | Private | ✓ | | | | | | |
| SG 15 | ESG issues for internally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| SG 16 | ESG issues for externally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| SG 17 | Innovative features of approach to RI | ✓ | Private | | | | | | | ✓ |
| SG End | Module confirmation page | ✓ | - | | | | | | | |

| Direct - Fixed Income | | | | Principle | | | | | | General |
|-----------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| FI 01 | Breakdown by passive,active strategies | ✓ | Private | | | | | | | ✓ |
| FI 02 | Option to report on <10% assets | 🔒 | n/a | | | | | | | ✓ |
| FI 03 | Breakdown by market and credit quality | ✓ | Private | | | | | | | ✓ |
| FI 04 | Incorporation strategies applied | ✓ | Public | ✓ | | | | | | |
| FI 05 | ESG issues and issuer research | ✓ | Private | ✓ | | | | | | |
| FI 06 | Processes to ensure analysis is robust | ✓ | Public | ✓ | | | | | | |
| FI 07 | Types of screening applied | ✓ | Public | ✓ | | | | | | |
| FI 08 | Negative screening - overview and rationale | ✓ | Public | ✓ | | | | | | |
| FI 09 | Examples of ESG factors in screening process | ✓ | Private | ✓ | | | | | | |
| FI 10 | Screening - ensuring criteria are met | ✓ | Public | ✓ | | | | | | |
| FI 11 | Thematic investing - overview | 🔒 | n/a | ✓ | | | | | | |
| FI 12 | Thematic investing - themed bond processes | 🔒 | n/a | ✓ | | | | | | |
| FI 13 | Thematic investing - assessing impact | 🔒 | n/a | ✓ | | | | | | |
| FI 14 | Integration overview | ✓ | Public | ✓ | | | | | | |
| FI 15 | Integration - ESG information in investment processes | ✓ | Public | ✓ | | | | | | |
| FI 16 | Integration - E,S and G issues reviewed | ✓ | Public | ✓ | | | | | | |
| FI 17 | ESG incorporation in passive funds | 🔒 | n/a | ✓ | | | | | | |
| FI 18 | Engagement overview and coverage | ✓ | Private | | ✓ | | | | | |
| FI 19 | Engagement method | 🔒 | n/a | ✓ | ✓ | | | | | |
| FI 20 | Engagement policy disclosure | 🔒 | n/a | ✓ | ✓ | | | | | |
| FI 21 | Financial/ESG performance | ✓ | Private | | | | | | | ✓ |
| FI 22 | Examples - ESG incorporation or engagement | - | n/a | ✓ | ✓ | | | | | |
| FI 23 | Communications | ✓ | Public | | ✓ | | | | ✓ | |
| FI End | Module confirmation page | ✓ | - | | | | | | | |

SKY Harbor Capital Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

Founded in August 2011 SKY Harbor Capital Management, LLC focuses on the management of portfolios and funds of US high yield bonds for a global institutional and private wealth management client base. The firm offers separately managed accounts and commingled options in its signature Broad High Yield and Short Duration High Yield strategies. The firm also provides customized solutions within its high yield strategies to meet client-directed guidelines related to regulatory requirements, ESG policies, quality objectives and liquidity. SKY Harbor is an independent SEC-registered investment adviser based in Greenwich, CT and has a wholly owned regulated subsidiary in Frankfurt, Germany.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

27

OO 02.4 Additional information. [Optional]

All portfolio management, credit research, trading, compliance and operations personnel are located at the firm's Greenwich, CT headquarters. Marketing, distribution and client service is primarily conducted at the Greenwich office, although two relationship management / product specialists are associated with our Frankfurt-based European subsidiary.

OO 03 **Mandatory** **Public** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Public** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | 5 | 086 | 918 | 634 |
| Currency | USD | | | | |
| Assets in USD | | 5 | 086 | 918 | 634 |

OO 06 **Mandatory** **Public** **Descriptive** **General**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

as percentage breakdown

| | Internally managed (%) | Externally managed (%) |
|----------------|------------------------|------------------------|
| Listed equity | 0 | 0 |
| Fixed income | 100 | 0 |
| Private equity | 0 | 0 |

| | | |
|--------------------|---|---|
| Property | 0 | 0 |
| Infrastructure | 0 | 0 |
| Commodities | 0 | 0 |
| Hedge funds | 0 | 0 |
| Forestry | 0 | 0 |
| Farmland | 0 | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 0 | 0 |
| Other (1), specify | 0 | 0 |
| Other (2), specify | 0 | 0 |

as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].

Gateway asset class implementation indicators

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- None of the above

SKY Harbor Capital Management

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

| Policy components/types | Coverage by AUM |
|---|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2) | <input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

| | |
|----------------|--|
| SG 01.6 | Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional] |
|----------------|--|

From an investment perspective, SKY Harbor's process is designed to identify, value and manage specific High Yield market risks, which inherently includes ESG factors. As is the case for our analysis of all risk factors, the goal of ESG analysis is best characterized by systematic identification and monitoring to manage how these risks affect issuers and industries over time. Specifically, we look for sustainability and responsible behavior in the companies we invest in, and their ability and willingness to service debt obligations. Among other risks, ESG factors are incorporated in our fundamental credit analysis to assess, for example, environmental and product liabilities, employee training and retention, and corporate governance and legal risks. We recognize the potential for a high correlation between companies that manage ESG factors well and superior investment returns: companies that embark on sustainable and responsible business practices that promote diversity and inclusion, best practices in governance, responsible use of natural resources and moderate carbon emissions are companies best positioned for the future.

SKY Harbor utilizes a risk-based methodology for assessing and evaluating ESG factors pertinent to the issuers in which it invests. This approach is applied across all strategies. Certain individual portfolios may be further defined by client-directed ESG criteria or regulatory requirements as in the case of UCITS funds for which SKY Harbor is the investment manager.

| | | | | |
|--------------|------------------|---------------|----------------------|--------------|
| SG 02 | Mandatory | Public | Core Assessed | PRI 6 |
|--------------|------------------|---------------|----------------------|--------------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

| | |
|----------------|--|
| SG 02.1 | Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document. |
|----------------|--|

Policy setting out your overall approach

| | |
|--|----------------|
| | URL/Attachment |
|--|----------------|

URL

| | |
|--|-----|
| | URL |
|--|-----|

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment (will be made public)

We do not publicly disclose our investment policy documents

| | | | | |
|--------------|------------------|---------------|----------------------|----------------|
| SG 03 | Mandatory | Public | Core Assessed | General |
|--------------|------------------|---------------|----------------------|----------------|

| | |
|----------------|---|
| SG 03.1 | Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process. |
|----------------|---|

Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

SKY Harbor recognizes that potential conflicts of interest may arise in conducting the business of an investment manager, and has clearly stated compliance policies and procedures designed to address potential conflict that may arise. Such policies and procedures include, but are not limited to, side-by-side management, trade allocation, brokerage practices and asset valuation and liquidity determinations. Operationally, systems and risk controls have been constructed to identify possible conflicts, which if detected, are escalated to the Chief Compliance Officer and Chief Risk Officer for appropriate mitigation. Conflicts of interest in personal trading are mitigated by the firm's Code of Ethics, which does not permit employees to purchase any securities (even the equity securities) of an issuer whose below-investment-grade debt securities have been purchased by the firm for client portfolios. SKY Harbor's Conflicts of Interest Policy is stated in our Compliance Manual and SKY Harbor conflicts of interest are disclosed in the Part 2A of the Firm's Form ADV filed with the SEC.

No

Objectives and strategies**SG 05****Mandatory****Public****Gateway/Core Assessed****General****SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

Governance and human resources**SG 07****Mandatory****Public****Core Assessed****General****SG 07.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Heads of Investing and Research**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Dedicated responsible investment staff
 - External managers or service providers
 - Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify (1)

ESG Task Force

Other description (1)

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

| | |
|----------------|---|
| SG 07.2 | For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities. |
|----------------|---|

SKY Harbor is directed and governed by its senior management and Board of Managers. Senior management are also the firm's senior investment personnel, who direct the Investment Team, and along with the Head of Investing, Director of Research, other portfolio managers and head trader comprise the Investment Committee. The ESG Task Force includes personnel representing senior management, credit analysts, marketing and distribution and was organized to promote RI education and adoption across the organization. One credit analyst Task Force member serves as an ESG Coordinator researching and disseminating related topics/reference materials. Our approach to RI/ESG implementation is firmwide, with transversal responsibilities and participation across all investment and client-facing functions. Consistent with SKY Harbor's "client first" operating model, all employees participate in and share responsibility for implementing our RI commitments.

| | |
|----------------|--|
| SG 07.3 | Indicate the number of dedicated responsible investment staff your organisation has. |
|----------------|--|

| |
|--------|
| Number |
|--------|

0

Promoting responsible investment

| | | | | |
|--------------|------------------|---------------|----------------------|----------------|
| SG 09 | Mandatory | Public | Core Assessed | PRI 4,5 |
|--------------|------------------|---------------|----------------------|----------------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

| | |
|----------------|---|
| SG 09.1 | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |
|----------------|---|

Select all that apply

Principles for Responsible Investment

| |
|--|
| Your organisation's role in the initiative during the reporting period (see definitions) |
|--|

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

During the reporting year SKY Harbor became a signatory to the collaborative PRI Fixed Income initiative, "Statement on ESG Credit Ratings and Analysis." SKY Harbor also publicized this initiative to our client and prospective investor base and submitted Action Step questions/topics for consideration.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

| | | | | |
|-------|-----------|--------|---------------|-------|
| SG 10 | Mandatory | Public | Core Assessed | PRI 4 |
|-------|-----------|--------|---------------|-------|

| | |
|----------------|--|
| SG 10.1 | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|----------------|--|

Yes

| | |
|----------------|--|
| SG 10.2 | Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives. |
|----------------|--|

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

| | |
|----------------|---|
| SG 10.3 | Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional] |
|----------------|---|

Direct engagement with clients, consultants and prospective investors to promote understanding and adoption of RI approaches. Assisted new clients in implementing their RI objectives.

Implementation not in other modules

| | | | | |
|-------|-----------|--------|-------------|-------|
| SG 12 | Mandatory | Public | Descriptive | PRI 1 |
|-------|-----------|--------|-------------|-------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

| | |
|----------------|--|
| SG 12.1 | Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated. |
|----------------|--|

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 12.3

Additional information. [OPTIONAL]

ESG and sustainability issues are considered in our risk-based analysis at the sector and industry level and can impact allocation decisions. For example, SKY Harbor does not knowingly invest in companies whose primary business is coal. The decision to avoid this type of risk was largely based upon our view that financial flexibility and future profitability for the US coal sector would be increasingly pressured by global investment restrictions and costs associated with environmental-based regulatory and compliance measures.

SKY Harbor Capital Management

Reported Information

Public version

Direct - Fixed Income

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ESG incorporation in actively managed fixed income

Implementation processes

| FI 04 | Mandatory | Public | Gateway | PRI 1 |
|---------|---|--------|---------|-------|
| FI 04.1 | Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to. | | | |

| | | |
|---------------------------|-------------------------------------|------|
| Corporate (financial) | Screening alone | 0 |
| | Thematic alone | 0 |
| | Integration alone | 46 |
| | Screening + integration strategies | 54 |
| | Thematic + integration strategies | 0 |
| | Screening + thematic strategies | 0 |
| | All three strategies combined | 0 |
| | No incorporation strategies applied | 0 |
| | | 100% |
| Corporate (non-financial) | Screening alone | 0 |
| | Thematic alone | 0 |
| | Integration alone | 54 |
| | Screening + integration strategies | 46 |

| | | |
|--|-------------------------------------|------|
| | Thematic + integration strategies | 0 |
| | Screening + thematic strategies | 0 |
| | All three strategies combined | 0 |
| | No incorporation strategies applied | 0 |
| | | 100% |

FI 04.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

SKY Harbor's investment process is designed to identify, value and manage specific High Yield market risks, which inherently includes ESG factors. It has long been our view that ESG factors play a material role in identifying potential investment risks and can, through analysis and consistent monitoring, be integral to investment decision making and performance. We recognize the potential for a high correlation between companies that manage ESG factors well and superior investment returns, and, accordingly, ESG integration in our fundamental credit analysis and overall investment process is applied to all assets under management.

Additionally, more than half of current AUM is managed in client mandates that include ESG exclusionary screens or in funds which comply with the Convention on Cluster Munitions and do not invest in companies that manufacture cluster bombs and anti-personnel mines.

| | | | | |
|--------------|------------------|---------------|----------------------------|--------------|
| FI 06 | Mandatory | Public | Additional Assessed | PRI 1 |
|--------------|------------------|---------------|----------------------------|--------------|

FI 06.1 Indicate how you ensure that your ESG research process is robust:

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify
- None of the above

FI 06.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

(A) Implementation: Screening

FI 07 **Mandatory** **Public** **Gateway** **PRI 1**

FI 07.1 Indicate the type of screening you conduct.

Select all that apply

| | Corporate (financial) | Corporate (non-financial) | |
|----------------------------------|-------------------------------------|-------------------------------------|--|
| Negative/exclusionary screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Positive/best-in-class screening | <input type="checkbox"/> | <input type="checkbox"/> | |
| Norms-based screening | <input type="checkbox"/> | <input type="checkbox"/> | |

FI 07.2 Describe your approach to screening for internally managed active fixed income

Negative screening based on ESG factors is not a regularly applied component in our credit research and investment process. We do, however, offer exclusionary screening at an individual mandate level for clients with specific RI requirements, as well as apply exclusionary screening for funds which comply with the Convention on Cluster Munitions.

FI 08 **Mandatory** **Public** **Descriptive** **PRI 1**

Corporate (financial)

Corporate (fin)

- For legal reasons
- For non-legal reasons

Corporate (non-financial)

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

FI 08.2 Describe your approach to ESG-based negative screening of issuers from your investable universe.

Exclusionary screening is applied in meeting the RI/ESG requirements as prescribed for certain segregated accounts and for funds which comply with the Convention on Cluster Munitions.

FI 10 **Mandatory** **Public** **Core Assessed** **PRI 1**

FI 10.1 Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

| Type of screening | Checks |
|---|---|
| Negative/exclusionary screening? | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above |

FI 10.2 Additional information. [Optional]

SKY Harbor's pre-trade compliance order generation tool as well as our post-trade compliance application are custom-coded for any ESG/SRI guidelines and constraints. Full audit trails and security access controls are maintained at each step of our electronic straight-through processing system to ensure client requirements are consistently met. Compliance and the Operations team regularly conducts testing to ensure all constraints are met and in effect.

(C) Implementation: Integration

FI 14 **Mandatory** **Public** **Descriptive** **PRI 1**

| | |
|----------------|--|
| FI 14.1 | Describe your approach to integrating ESG into traditional financial analysis. |
|----------------|--|

SKY Harbor's investment process is designed to identify, value and manage specific High Yield market risks, which inherently includes ESG factors. It has long been our view that ESG factors play a material role in identifying potential investment risks and can, through analysis and consistent monitoring, be integral to investment decision making and performance. We recognize the potential for a high correlation between companies that manage ESG factors well and superior investment returns, and, accordingly, ESG integration in our fundamental credit analysis and overall investment process is applied to all assets under management.

Paramount to our fundamental process is a focus on the securities of companies that have sustainable business models in light of the globalization of economies and the interrelatedness of capital markets, which, together can lead to rapid shifts in high yield issuer financial flexibility. As such, we look for themes that both support and sustain corporate profitability and enhance financial flexibility. We develop and retest specific themes through quarterly earnings trends, aggregate industry and economic data, ESG specific research and anecdotal evidence collected broadly which is then weighed against valuation opportunities and market realities.

| | |
|--|-----------------------|
| | Corporate (financial) |
|--|-----------------------|

SKY Harbor's research integration of ESG factors for corporate issuers in banking and financial services follows the same approach as that for non-financials corporates, but with a different weighting on certain factors more relevant to the financial industry.

| | |
|--|---------------------------|
| | Corporate (non-financial) |
|--|---------------------------|

SKY Harbor's research process and credit selection targets issuers with solid credit characteristics, a high level of financial flexibility and strong operating potential. Analysts perform in-depth analysis to identify risks associated with an issuer's Industry Outlook, Operating Potential or Financial Flexibility

Analysts consider a broad range of ESG factors depending on the issuer and industry at various stages of our research process. Certain Governance issues are applicable across all industries, including corporate board and ownership structures, alignment of executive pay, and accounting. Other social and environmental factors, may have greater relevancy in one industry versus another.

The identification, analysis and ongoing monitoring of ESG factors through our credit research process is integral to our risk-based approach, security selection and positive investment outcomes.

| | | | | |
|--------------|------------------|---------------|----------------------|--------------|
| FI 15 | Mandatory | Public | Core Assessed | PRI 1 |
|--------------|------------------|---------------|----------------------|--------------|

| | |
|----------------|--|
| FI 15.1 | Indicate how ESG information is typically used as part of your investment process. |
|----------------|--|

Select all that apply

| | Corporate (financial) | Corporate (non-financial) | |
|---|-------------------------------------|-------------------------------------|--|
| ESG analysis is integrated into fundamental analysis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| ESG analysis is integrated into security weighting decisions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| ESG analysis is integrated into portfolio construction decisions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| ESG analysis is a standard part of internal credit ratings or assessment | <input type="checkbox"/> | <input type="checkbox"/> | |
| ESG analysis for issuers is a standard agenda item at investment committee meetings | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| ESG analysis is regularly featured in internal research notes or similar | <input type="checkbox"/> | <input type="checkbox"/> | |
| ESG analysis is a standard feature of ongoing portfolio monitoring | <input type="checkbox"/> | <input type="checkbox"/> | |
| ESG analysis features in all internal issuer summaries or similar documents | <input type="checkbox"/> | <input type="checkbox"/> | |
| Other, specify | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|-------|-----------|--------|---------------------|-------|
| FI 16 | Mandatory | Public | Additional Assessed | PRI 1 |
|-------|-----------|--------|---------------------|-------|

FI 16.1 Indicate the extent to which ESG issues are reviewed in your integration process.

| | Environment | Social | Governance |
|---------------------------|---|--|--|
| Corporate (financial) | <div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all | <div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |
| Corporate (non-financial) | <div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all | <div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all |

Corporate (financial)

SKY Harbor's research integration of ESG factors for corporate issuers in banking and financial services follows the same approach as that for non-financials corporates detailed below, but with a few distinctions. Because the sector is highly regulated, our ESG analysis of financials places particular emphasis on business ethics and lending practices which may materially adversely impact an issuer via regulatory investigations, fines and reforms. Indirect social factors include compliance with regulations against predatory lending, and adherence to standards for equal opportunity lending and the community reinvestment act. Environmental factors are also assessed, but typically have a lower impact relative to social and governance factors in this industry.

Corporate (non-financial)

SKY Harbor's research process and credit selection targets issuers with solid credit characteristics, a high level of financial flexibility and strong operating potential. Analysts perform in-depth analysis to identify risks associated with an issuer's Industry Outlook, Operating Potential or Financial Flexibility. Our analysis of the risks associated with an issuer's industry evaluates cyclical and secular trends, the efficacy of industry sustainability and the regulatory environment to assess the external forces in place or looming that may impact the outlook for an issuer and its peer group. Our analysis of the risks associated with an issuer's operating potential takes the form of a full Business Due Diligence designed to uncover the key drivers of an issuer's business model, the soundness of its execution strategy and its sensitivity to various internal and external factors. Our analysis of the risks associated with an issuer's financial flexibility takes the form of a robust Financial Model that is designed to assess an issuer's long-term ability to operate within its existing capital structure and service its debt. This financial model highlights an issuer's liquidity profile and credit trends using four to five years of historical financial data and full financial results projected out five years.

Analysts consider a broad range of ESG factors depending on the issuer and industry at various stages of our research process. Certain Governance issues are applicable across all industries, including corporate board and ownership structures, alignment of executive pay, and accounting. Other social and environmental factors, may have greater relevancy in one industry versus another. Examples of ESG factors regularly examined include:

Environmental: industrial practices, waste management, pollution prevention, safety procedures and capital expenditure/cost to maintain high standards in these areas.

Social: worker rights and benefits, pay practices, workforce diversity, employee training and retention; also consumer demographics, product liability potential, and reputation

Governance: management stability and credibility, board structure, legal risk, tax patterns, and historical treatment of bondholders.

The identification, analysis and ongoing monitoring of ESG factors through our credit research process is integral to our risk-based approach, security selection and positive investment outcomes.

Communication

| | | | | |
|-------|-----------|--------|---------------|---------|
| FI 23 | Mandatory | Public | Core Assessed | PRI 2,6 |
|-------|-----------|--------|---------------|---------|

FI 23.1

Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.

☉ We disclose it publicly

Provide URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

FI 23.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

FI 23.3

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
 Detailed explanation of RI incorporation strategy used

FI 23.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
 We do not proactively disclose it to the public and/or clients/beneficiaries