LOOMIS | SAYLES

LOOMIS SAYLES

TCFD Report

Loomis Sayles is committed to providing transparency on climate change issues. We support the actions being taken to build a more resilient financial system through climate-related disclosure.

At Loomis Sayles, our goal is to deliver superior long-term risk-adjusted returns and effective investment solutions to meet our fiduciary duty to our clients.

Everything we do at Loomis Sayles is borne out of our commitment to achieving our clients' specific and distinct goals through active management. Delivering superior long-term performance and exceptional solutions relies on proprietary, best-in-class research that identifies the current and future risks and opportunities of every investment. This include financially materials environmental, social, and governance risks as an integral component of the investment process, not an overlay.

We believe risks and opportunities associated with material ESG factors are inherent to investment decision-making and our clients' long-term financial success. We believe the best way to consider ESG is through integration that aims to identify the financial materiality of ESG factors. Integration contributes to our ability to seek value and deliver superior, long-term results.

GOVERNANCE

LOOMIS SAYLES BOARD OVERSIGHT

ESG considerations are integrated throughout the firm and therefore subject to Board of Directors oversight. ESG matters are discussed, overseen and supervised by the ESG Leadership Team, which reports to the Board of Directors.

MANAGEMENT'S ROLE

Our Risk Management Committee, chaired by the CEO and consisting of Board members and senior departmental representatives, including the Head of ESG, meets quarterly. It is responsible for identifying and monitoring all areas of firm and investment risk, including those related to ESG activities and the findings of the CIO and CIRO Investment Risk Review Committees examinations. The specific climate metrics that are provided to assist with these committee meetings and reviews are covered in the Risk Management section.

In addition, as an affiliate of Natixis Investment Managers, Loomis Sayles' activities are overseen by the Natixis Board of Directors and its Risk and Environmental and Social Responsibility (ESR) Committees.

Owing to our firmwide commitment to ESG integration, responsibility for climate change risks and opportunities is discharged via a range of activities and committees, including:

- Management Committee: Responsible for the overall direction of Loomis Sayles. It is chaired by the CEO and Chairman of the Board. It is comprised of the Chief Investment Officer (CIO), Chief Financial Officer (CFO), General Counsel, Chief Operating Officer (COO) and the heads of Loomis Sayles' major business units
- CIO and CIRO Investment Risk Review Committees: Regularly review each investment team's philosophy and investment activities, including those related to ESG, to ensure consistency with product investment styles and firm policies
- ESG Leadership Team: Meets weekly to review the firm's ESG activity and monitor progress of initiatives. The team makes decisions regarding the allocation of resources, the implementation of initiatives and the selection of tools
- ESG Team: Facilitates sharing knowledge and best practices, coordinates various committees and subcommittees and helps secure resources and technology that can enhance investment team capabilities
- ESG Working Committee: Provides ongoing advisory support and day-to-day input for key decisions and ESG initiatives
- Climate Change Subcommittee: Explores climate risks and opportunities in portfolios, across mitigation, adaptation and solutions, looking at where material climate risks and opportunities are/aren't priced and the indicators that can monitor broader market shifts down to security level considerations

We also have a dedicated Senior Climate Analyst whose role is to help develop overall firm expertise, including via the proliferation of education, the creation of specific tools and analytics that support the investment process, and proprietary research on emerging topics.

OUR CLIMATE CHANGE GUIDING PRINCIPLES

01. WE AGREE WITH THE OVERWHELMING SCIENTIFIC DATA THAT SHOW HUMAN ACTIVITY IS CONTRIBUTING TO CLIMATE CHANGE AND WE SEE THE NEED FOR BOLD ACTION ON A GLOBAL SCALE.

Governments, corporations and individuals must respond to this growing threat. The need to meet the real and serious challenge inherent in climate change presents critical risks and investment opportunities across all asset classes. At this point in history, we anticipate a time of sweeping change.

02. MATERIAL CLIMATE CHANGE CONSIDERATIONS ARE INHERENTLY PART OF OUR INVESTMENT DECISION-MAKING.

Each investment team considers climate change integration according to its investment philosophy. To support our investment teams, we are committed to providing education on a growing set of climate data and transition scenario analysis tools.

03. DIRECT ENGAGEMENT IS AN INTEGRAL PART OF OUR FUNDAMENTAL ANALYSIS ACROSS ALL ASSET CLASSES.

As a fiduciary and a good steward of our clients' capital, we are unequivocally focused on all investment risks and opportunities, including climate. This means that we must regularly engage with issuers to assess their climate impact, policies and risks.

STRATEGY

Our climate change principles help guide our research and investment approaches. We believe to achieve authentic ESG integration, it must be considered by each investment team according to its own investment process. Therefore, each team is responsible for identifying material climate risks and opportunities as aligned with their investment philosophies and/or client-specific mandates. The ESG Team, which includes the firm's Senior Climate Analyst, provide additional guidance
and expertise.

A large part of our business is dedicated to custom client mandates. Over the last several years, the number of clients with climate change guidelines, including net zero targets, has increased. As such we continue to acquire datasets and develop systems that enable the consideration of ever more sophisticated climate change considerations.

OUR CLIMATE & RISK OPPORTUNITIES

INVESTMENT ACTIVITY	OPPORTUNITY/RISK MITIGATION	APPLICABLE CLIMATE RISK
Security Selection & Portfolio Construction	• Proprietary research • Climate risk analysis of investments • Client mandated exclusions • Investment in climate solutions • Net Zero mandates	Transition risk Physical risk
Engagement & Proxy Voting	• Engagement with companies on material issues • Escalation including proxy voting, where applicable	Transition risk Physical risk

EDUCATION AND THOUGHT LEADERSHIP

During 2022 and 2023, we delivered various formal and informal training opportunities to develop expertise within our ESG Team and investment teams. This included training on our climate scenarios, as well as on general themes related to climate investing. In addition, our Senior Climate Analyst launched an internal thought leadership series for our research teams to leverage in their own explorations of the topics.

DATA, TOOLS, PROPRIETARY SYSTEMS AND INTEGRATION

We work collaboratively with various teams to identify datasets that can support our proprietary research and systems.

In 2022 we added various new data points including ISS sovereign energy data, ISS data on company revenues in alignment with the Paris Agreement as well as MSCI data regarding corporate targets for emissions reductions and the progress and quality thereof.

In late 2022 and throughout 2023 we introduced our proprietary ESG Awareness Packet to several of our investment teams. The packet curates several vendor datasets as inputs (including scenarios, projected emissions, and carbon budgets) to support portfolio construction decisions. The goal is to connect climate risks and opportunities with valuation so that our teams can understand a portfolio's current positioning, support client-specific requirements, determine how a portfolio is compensated for the risks and identify engagement opportunities - for example with companies that have steep emissions reductions to achieve.

We have also enhanced our client facing TCFD Reports to assess a portfolio's alignment versus various climate scenarios as well as alignment to the benchmark.

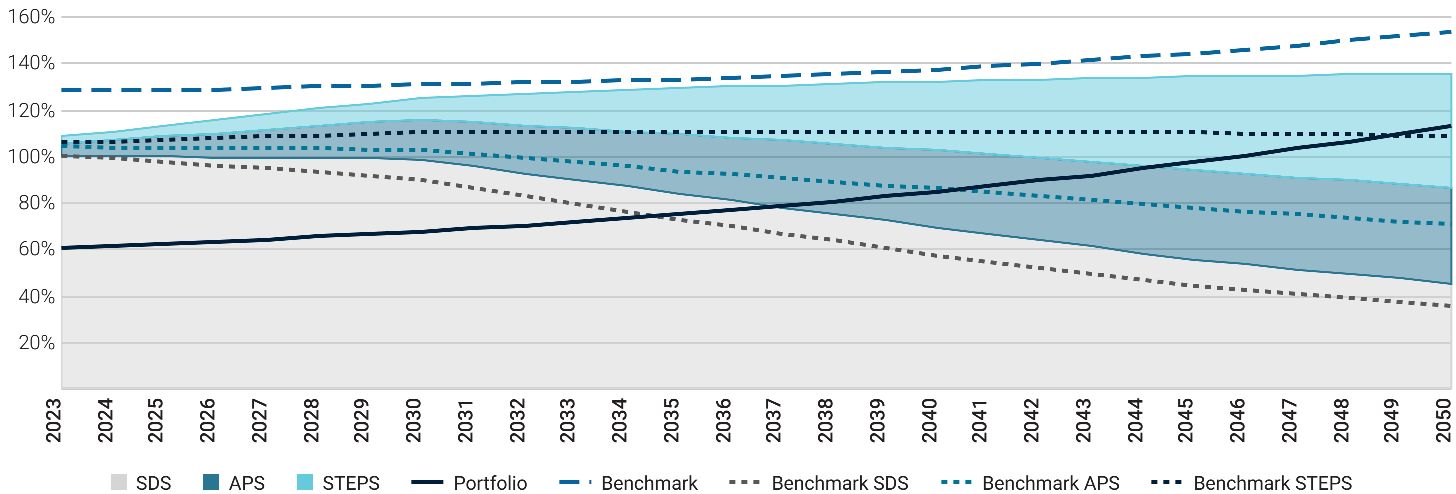
OUR CLIMATE SCENARIO APPROACH

We use ISS climate data to evaluate potential investment impacts from both physical and transition scenarios. Below are the specific climate scenarios we use for transition analysis.

Stated Policy Scenario (STEPS)	Announced Pledges Scenarios (APS)
'Current country commitment to Paris Agreement' (1.8- 2.1°C by 2050), (2.4-2.8°C by 2100)	'Reflects mid 2021 global commitments' (1.7-2.0°C by 2050), (1.9-2.3°C by 2100)
Sustainable Development Scenario (SDS) 'Paris Aligned Scenario'	**Net Zero Emissions (NZE) 'Net zero scenario'**
(1.5-1.8°C by 2050), (1.4-1.47°C by2100) where Developed Markets reach net zero in 2050, China in 2060 and other nations by 2070	(1.4-1.7°C by 2050), (1.3-1.5°C by 2100). It satisfies the Paris Agreement 2°C target and uses emissions reduction policies that align with sustainable development and efforts to eradicate poverty

The image below is from the ISS Climate Impact Report. The chart shows the extent to which a portfolio is aligned with current IEA scenarios.

Portfolio Emission Pathway vs. Climate Scenarios Budgets



Data source is ISS Climate Impact Report.

The chart presented above is shown for illustrative purposes only. Some or all of the information on this chart may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio. Any opinions or forecasts contained herein reflect the current subjective judgments and assumptions of the data provider only, and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. This information is subject to change at any time without notice.

Each investment team is responsible for managing risk at the security and portfolio levels and for continuous monitoring of portfolio companies, including assessment of climate-related risks and opportunities. In addition, each investment team is overseen by its Chief Investment Officer and the Chief Investment Risk Officer.

RISK MANAGEMENT

Since 2020, ESG has been an agenda item for the Risk Management Committee (a subcommittee of the Loomis Sayles Management Committee).

In 2022, to better identify and monitor potential risks from climate change, we added new metrics to the quarterly Risk Management Committee meeting reports. These include:

- Carbon footprint and carbon intensity of all strategies (versus the benchmark)
- UN Global Compact alignment
- Exposure to companies with revenue from thermal coal
- Portfolio Paris-alignment and temperature scores

We created a Climate Change Subcommittee in 2022, made up of participants from across the firm and led by our Senior Climate Analyst. This committee continues to drive overall firm understanding of climate risks and opportunities.

METRICS

Some of the GHG Emission metrics available to our investment professionals include:

- Absolute and benchmark-relative measurement of portfolio emissions exposure as defined by: total carbon emissions, carbon emissions to value invested, carbon intensity (carbon emissions to revenue intensity, and weighted average carbon intensity (WACI). These metrics enable comparison of the portfolio's carbon risk compared to the benchmark.
- Companies reporting emissions and the quality of the reported emissions.
- Comparison of company-level emissions intensity to industry peers and historical performance (e.g. year-on-year, three years etc.)

Some of the Transition Risk metrics available include:

- Portfolio exposure to coal, oil and gas-reserve-owning assets and exposure to controversial business practices that may pose transition and reputational risks
- Portfolio exposure to current sources of power generation (green and brown) and what that ratio needs to be by 2030 and 2050 to meet the IEA's Paris-aligned scenario

- Carbon risk rating for each issuer and the portfolio overall; the percentage of top and bottom climate performers in the portfolio and in the benchmark
- Percentage of portfolio value with Paris-aligned climate targets or no publicly available target
- Paris-aligned overshoot/undershoot by sector
- Portfolio level scenario alignment trajectory
- "Hot Spots" (climate laggards) and "Cooling Off" (climate underperformers showing improvements)

Some of the Physical Risk metrics available include:

- Aggregate physical risk scores and physical risk scores per hazard
- Physical risk management scores of portfolio holdings, indicating the level of preparedness to risks from physical hazard

Some of the metrics available to identify climate solutions and opportunities include:

- Green bond datasets
- Climate change mitigation score (ranking of companies from biggest solutions providers to biggest problem contributors)
- Exposure of companies to green revenues e.g. alternative energy, energy efficiency, green buildings, pollution prevention etc.
- Green patents