ROCKEFELLER
ASSET MANAGEMENT

Sustainability & Impact

2019 Environmental, Social, Governance Annual Report

PRI Principles for Responsible Investment | A+ | 2019 ESG RESEARCH REPORT OF THE YEAR WINNER

Contents

PRI Principles for Responsible Investment | A+

A Note from the Chief Investment Office

2019 will be seen as an inflection point for the Environmental, Social, Governance (ESG) investing industry. Four major themes emerged that will carry into 2020: (1) Investors are increasingly accepting the risk and return benefits. (2) Shareholder engagement is being recognized as an effective tool to create long-term value and elevate ESG standards. (3) Thematic strategies focused on climate change are proliferating. (4) Factor-based ESG investing is gaining traction. Below we outline the themes and steps taken by Rockefeller Asset Management to help maintain its leadership position.

1) Investors are increasingly accepting the risk and return benefits.

It is hard to dispute the growing body of academic evidence suggesting the risk and return benefits of incorporating ESG information into an investment process.[1] We firmly believe that understanding the implications of secular environmental and social trends and systematically integrating ESG data helps our analysts uncover risks and opportunities overlooked by traditional investors. Our proprietary materiality map covering 77 SICS® (Sustainable Industry Classification System®[2]) industries serves as the foundation of our ESG research process. In 2019, we conducted an extensive data mapping project to determine what metrics best quantify each material issue. Our ESG Quantitative Analyst found that ESG Improvers – firms showing the greatest improvement in their ESG footprint – generated statistically significant alpha of greater than 3% annualized from 2010 – 2018 after controlling for value, quality, and size factors. The resulting work led to the creation of Rockefeller's ESG Improvers Score. In the years ahead, we believe that investors will increasingly differentiate between ESG Improvers and ESG Leaders, and that the former may offer greater potential for generating alpha over the long run.

Looking Forward: We will continue exploring ESG-Adjusted Target prices to more precisely attribute ESG information to intrinsic value. We are also establishing an academic partnership with NYU Stern's Center for Sustainable Business to continually challenge our thought leadership. Our joint research will be published in 2020.

2) Shareholder engagement is being recognized as an effective tool to create long-term value and elevate ESG standards.

ESG issues are an important engagement topic for institutional investors. Over the last few years, a record number of ESG proposals have been submitted and subsequently withdrawn, reflecting increased engagement between shareholders and management who are more willing to resolve issues before a shareholder vote.[3] We seek to engage with 100% of the portfolio companies in our Global ESG strategies annually. The approach bolsters our investment process by identifying material ESG issues and engaging with management to create shareholder value. To increase the probability of an outcome, we implemented a four-stage "escalation process:" (1) Constructive Dialogue, (2) Official Letters, (3) Collaborative Action, and (4) Shareholder Resolutions.

Looking Forward: Our ESG Engagement Lead joined the team in January 2020 with the goal of leveraging our engagement process and acting as a consultant for portfolio companies. Shareholder engagement will continue to be a key area of focus for our organization.

1 One example of forward-thinking research is *Public Sentiment and the Price of Corporate Sustainability* published by George Serafeim, a Harvard Business School Professor, in 2018.
2 Sustainable Industry Classification System® was developed by the Sustainability Accounting Standards Board.
3 Harvard Law School Forum on Corporate Governance and Financial Regulation

3) Thematic strategies focused on climate change are proliferating.

Climate change tops the list of ESG concerns for investors.[4] As climate change increasingly impacts economies and capital markets, it is prudent for investors to assess the risk and return ramifications and constructively engage with companies and policymakers. We believe that firms producing climate mitigation or adaptation solutions may outperform broader equity markets over the long-term as mega trends such as global warming, urbanization, and the rising middle class materialize. Rockefeller's Climate Solutions global equity strategy has a nearly eight-year track record, investing in companies producing climate mitigation or adaption solutions with clear competitive moats, established business models, strong management teams, and distinct growth catalysts.

We also want to take this time to congratulate our ESG team for winning PRI's ESG Research Report of the Year Award for their work with the United Nations Environment Programme Finance Initiative (UNEP FI) assessing the impact of climate change on investment portfolios.[5] We are proud to be the only US-based manager to win a PRI award in 2019.

Looking Forward: We are advancing our climate research. Rockefeller Asset Management accepted an invitation to be one of five organizations joining the UNEP FI's Climate Resilience Risks and Opportunities Coalition leadership group. The group commits to disclose physical risks and build support for public policies to encourage climate-related physical risk disclosure across the financial sector.

4) Factor-based ESG investing is gaining traction.

It is surprising how little attention factor-based ESG investing receives given the potential market size and growth. We believe that European institutional allocators will lead the way with innovative, ESG-integrated factor-based strategies. Roughly 77% of European institutional investors currently evaluating factor-based strategies anticipated incorporating ESG data, up from 56% in 2018.[6]

Looking Forward: We foresee the rise of ESG integrated factor-based investing and are exploring opportunities to deliver systematic solutions to our institutional investor base.

In summary, we believe that rigorous, ESG-integrated analysis coupled with deep shareholder engagement can deliver strong long-term results for our clients. To us, understanding secular environmental and social trends is tantamount to good investing. We think that the intellectual capital built throughout our 27-year ESG track record, constructive shareholder engagement approach, and award-winning research will continue to set us apart from the field.

Sincerely,

David P. Harris, CFA©
Chief Investment Officer, President of Asset Management

Jimmy C. Chang, CFA©
Chief Investment Strategist

Casey C. Clark, CFA©
Global Head of ESG Investments

Michael Seo, CFA©
Director of Equity Research

4 PRI (Principles for Responsible Investment)
5 UNEP FI. *Changing Course: A comprehensive investor guide to scenario-based methods for climate risk assessment, in response to the TCFD.* May 2019.
6 FTSE Russell. *Smart Sustainability: Examining Regional Appeal*. June 2019.

By the numbers...

100% engagement with Global ESG Strategy portfolio companies

100% commitment to offset carbon emissions on Rockefeller Asset Management's business travel by air

2,580 proxy votes across all accounts that voted in alignment with our ESG Proxy Voting Policy

100% support for shareholder proposals regarding action and disclosure on climate change

100% support for shareholder proposals regarding compliance with international human rights

PRI Principles for Responsible Investment | 2019 ESG RESEARCH REPORT OF THE YEAR WINNER

2019 Winner

of PRI's ESG Research Report of the Year

Decades of Thought Leadership

1977
- The Rockefeller Family Office launches “mission-related” Odyssey fund

1991
- Global ESG Equity Strategy launched

1996
- Joined ICCR (Interfaith Center on Corporate Responsibility)

1999
- Joined Ceres Investor Network on Climate Risk and Sustainability (current Carbon Asset Risk Working Group member)

2001
- Joined International Corporate Governance Network (ICGN)

2002
- One of 35 original investors to launch the Carbon Disclosure Project (CDP) questionnaire

2011
- Core Taxable ESG Fixed Income Strategy Launched
- Small-Cap ESG Strategy Launched

2012
- Became UN Principals for Responsible Investment (PRI) signatory
- Climate Solutions Strategy Launched (formerly known as the “Ocean Strategy”)

2013
- Began work with the Sustainability Accounting Standards Board, participating in several Industry Working Groups that informed the draft Standards

2014
- Core Tax-Exempt ESG Fixed Income Strategy Launched

2016
- Global ESG Fossil Fuel Strategy Launched
- Non-US Fossil Fuel Free Strategy Launched

2017
- Invited to be a founding member of United Nations Environment Programme Finance Initiative’s (UNEP FI) TCFD Working Group as only US Asset Manager
- Joined Climate Action 100+
- US SMID Cap ESG Strategy Launched

2018
- Became members of PRI Plastics Working Group
- Non-US Equity ESG Strategy Launched
- US ESG Equity Strategy Launched
- Joined Council for Institutional investors (CII)
- Became SASB Alliance members

2019
- Received 5th A+ on UN PRI Assessment Report for Strategy & Governance
- Joined SASB Sector Advisory Group for Extractives and Minerals Processing
- Won PRI’s ESG Research Report of the Year Award for our work with the UN assessing the impact of climate change on investment portfolios
- One of five founding members of UNEP FI’s Climate Resilience Risks and Opportunities Coalition
- Joined World Resources Institute (WRI) High Level Panel for a Sustainable Ocean Economy

History

The Rockefeller heritage in sustainable and impact investing dates back to the 1970s, when the family office began public and private investment programs that incorporated environmental and social values into the investment process. Rockefeller family members have long held the view that investment decisions have imperative moral, social and financial dimensions. Drawing on the intellectual capital built over the past 50 years, today Rockefeller Asset Management offers our clients one of the most comprehensive ESG research and engagement investment programs.

2019 Speaking Engagements and Internal Convenings

- Carbon Tracker has presented twice to the broader Investment Team
- Hosted Breakfast event for Planet Tracker
- Hosted PRI Fiduciary Duty Report Launch
- Credit Suisse 2019 Annual Conservation Finance Investor Conference
- NYU Blue Economy Forum
- Global Bluetech Summit: The Role of Impact Investors in the Blue Economy
- Responsible Investor: Blue Economy Event
- PRI Plastics Investor Working Group
- High Level Panel for Sustainable Ocean Economy
- BioPharma Sustainability Roundtable
- Responsible Investor Canada panel
- SASB European and US Roadshow
- US Sustainable Investment Forum: Climate Week panel
- Sustainability & Transparency in the Fashion Industry panel
- Bloomberg Private Capital Conference

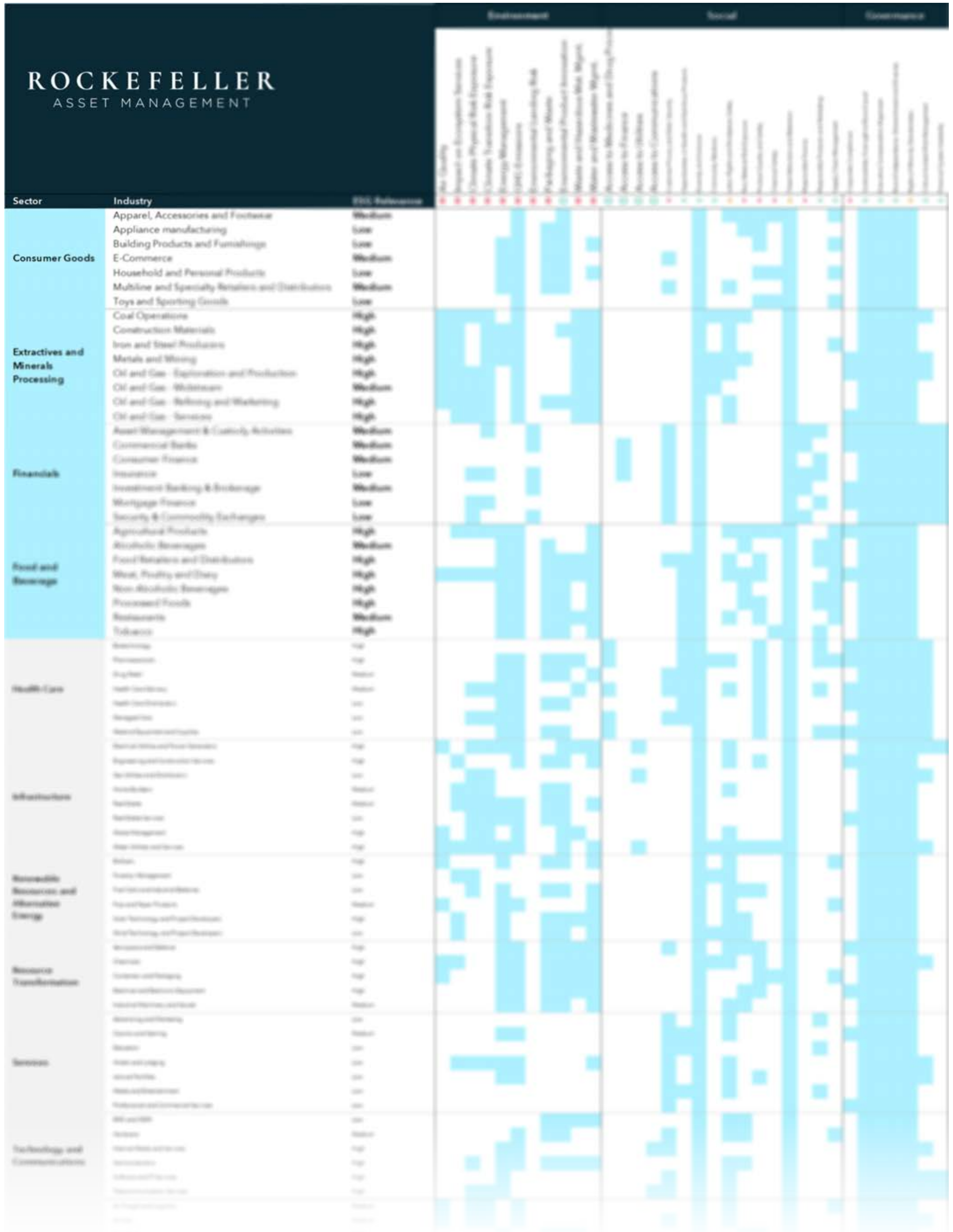
Materiality Matters

Rockefeller's Proprietary Materiality Map

Rockefeller's Materiality Map identifies ESG issues that are material to the risk and return profile of companies across 77 Sustainable Industry Classification System (SICS®) industries. It serves as the foundation for our research and engagement process. Our sector equity and ESG analysts collaborated to develop the Map based on guidance from the Sustainability Accounting Standards Board (SASB) Standards. The goal is to uncover risks and opportunities overlooked by traditional investors. It is updated annually based on insights throughout the year and forward looking trends.

In an effort to assess the value of emerging ESG data sets, in 2019 we conducted an extensive data mapping project to determine which metrics best quantify each material issue. Throughout the process we interviewed sixteen different ESG data providers, advancing six to trial where we mapped metrics to each issue on our Map and ran regressions against key financial indicators. Despite ESG data lacking coverage, timeliness, and history, our ESG Quantitative Analyst found that ESG Improvers – firms showing the greatest improvement in their ESG performance – generated statistically significant alpha of greater than 3% annualized from 2010 – 2018 after controlling for factors such as value, quality, and size. The resulting work led to the creation of Rockefeller's ESG Improvers Score, a score that ranks a company's improvement in performance on material ESG issues. In the years ahead, we believe that investors will increasingly differentiate between ESG Improvers and ESG Leaders, and that the former may offer greater potential for generating alpha over the long run.

Figure 1: **Rockefeller's Materiality Map**



Climate Change Transforming Economies & Markets

Rockefeller Asset Management believes that climate change poses a systemic risk to global financial markets. The increased frequency and severity of extreme weather events, combined with unpredictable microclimate volatility and sea level rise, will render certain areas of the planet non-arable and uninhabitable. The mass migration and other socioeconomic effects that result from these changes will add additional stress on global markets. As a result, we think about these risks and our role in slowing climate change by exploring investable opportunities that will flourish in a low carbon economy. We also believe that investors are underestimating the risks and opportunities associated with climate change.

1. **Risks:** At Rockefeller Asset Management, physical and transition risks are identified through bottom-up research conducted by sector equity and ESG analysts. We engage deeply with companies to understand the extent to which their business models are exposed to physical climate risks and regulation related to the emissions they generate. We also seek to understand risk management approaches such as emissions reduction target setting, remuneration tied to energy or emission reduction, capital expenditure for efficiency improvements, targets for renewable power procurement, and capital allocation toward less carbon-intensive business lines, among others. Additionally, we lead or participate in industry-leading working groups to help inform our climate research.
2. **Opportunities:** We believe that global warming will transform economies and markets via an expansion in public policies, changing consumer behaviors, and technological innovations. We call it the flow-through effect. As a result, companies producing climate change adaptation and mitigation solutions may outperform broader equity markets over the long-term as mega trends such as urbanization, aging demographics, and the rising middle class materialize. Rockefeller's Climate Solutions global equity strategy allows investors to gain exposure to environmental markets via high conviction, bottom-up active management. The strategy has a nearly eight-year track record investing in pure play climate solutions companies with clear competitive moats, established business models, strong management teams, and distinct growth catalysts.

Figure 2: **The Climate Flow-Through Effect**

Climate Change Has a Broad and Cascading Impact → **Transforming Economies and Markets** → **Creating New Opportunities in Environmental Sectors**

Environment	Humanity	Society
Flooding	Damages Infrastructure	Changes Living Standards
Droughts	Exacerbates Air Pollution	Weighs on Productivity & Economy
Severe Storms	Threatens Human Health	Raises Awareness
Wildfires	Disrupts Power Supplies	Exacerbated by
Rising Sea Levels	Destabilizes Food Supplies & Price	Aging Demographics
Extreme Seasonal Temperatures	Threatens Water Quality and Quantity	Rise of the Middle Class
Permanent Change to Ecosystems	Forces Climate Migration	Urbanization

Public Policy Increases
- Regulation
- Central Bank Policy
- Fiscal Policy

Consumer Behavior
- Shifts in buying preferences
- New societal norms established
- Alters voting behavior

Technological Innovation
- Efficiency gains reduce costs
- Established industries transform
- New industries form

- Renewable Energy & Energy Efficiency
- Water Infrastructure & Technologies
- Climate Support Systems
- Sustainable Agriculture
- Pollution Control
- Waste Management & Technologies
- Healthcare Mitigation

Winner of PRI's ESG Research Report of the Year

In 2019, Rockefeller Asset Management was awarded PRI's ESG Research Report of the Year for our work with the United Nations Environment Programme Financial Initiative (UNEP FI) assessing the impact of climate change on our investment portfolios.[7] The award was for our case study detailing the practical application of the 2.5 year project with UNEP FI, where we were one of 20 institutional investors from eleven countries selected to evaluate, build and test, state-of-the-art climate scenario analysis methodologies.

7 The award winning case study, along with case studies from all participating members, can be found on our website or by downloading. *Changing Course: A comprehensive investor guide to scenario-based methods for climate risk assessment, in response to the TCFD*. May 2019.

Advancing Climate Research in 2020:

- We are honored to be one of five organizations invited to join the UNEP FI's Climate Resilience Risks and Opportunities Coalition leadership group. The group commits to disclose the physical risks of climate change on its portfolios and build support for public policies to encourage climate-related physical risk disclosure across the financial sector.
- We believe that markets require a consistent framework along which companies can disclose their climate-related risks and opportunities. Therefore, we support the Task force on Climate-related Financial Disclosures (TCFD) and strive to implement their recommendations. An in-depth report on Rockefeller Asset Management's approach to assessing and managing climate-related risks and opportunities is slated for release later in 2020. **A summary of our forthcoming TCFD report can be found in the appendix.**

Shareholder Engagement: Creating Shareholder Value & Catalyzing Change

Shareholder engagement is a core part of our investment process before purchasing a stock and throughout the holding period. Our engagement approach strengthens our investment process by identifying material ESG issues and constructively engaging with companies to create long-term shareholder value and catalyze positive ESG improvement. We seek to engage with 100% of the companies in the Global ESG Equity Strategy annually. Our shareholder engagement "escalation process" helps increase the probability of an outcome. The escalation process follows four stages: (1) Constructive dialogue, (2) Official letters, (3) Collaborative action, and (4) Shareholder resolutions.

Engagement Escalation Process

Step 1: Constructive Dialogue

We are "constructivists," not activists

Step 2: Official Letters

Outline material ESG issue, corrective action, and desired outcome

Step 3: Collaborative Action

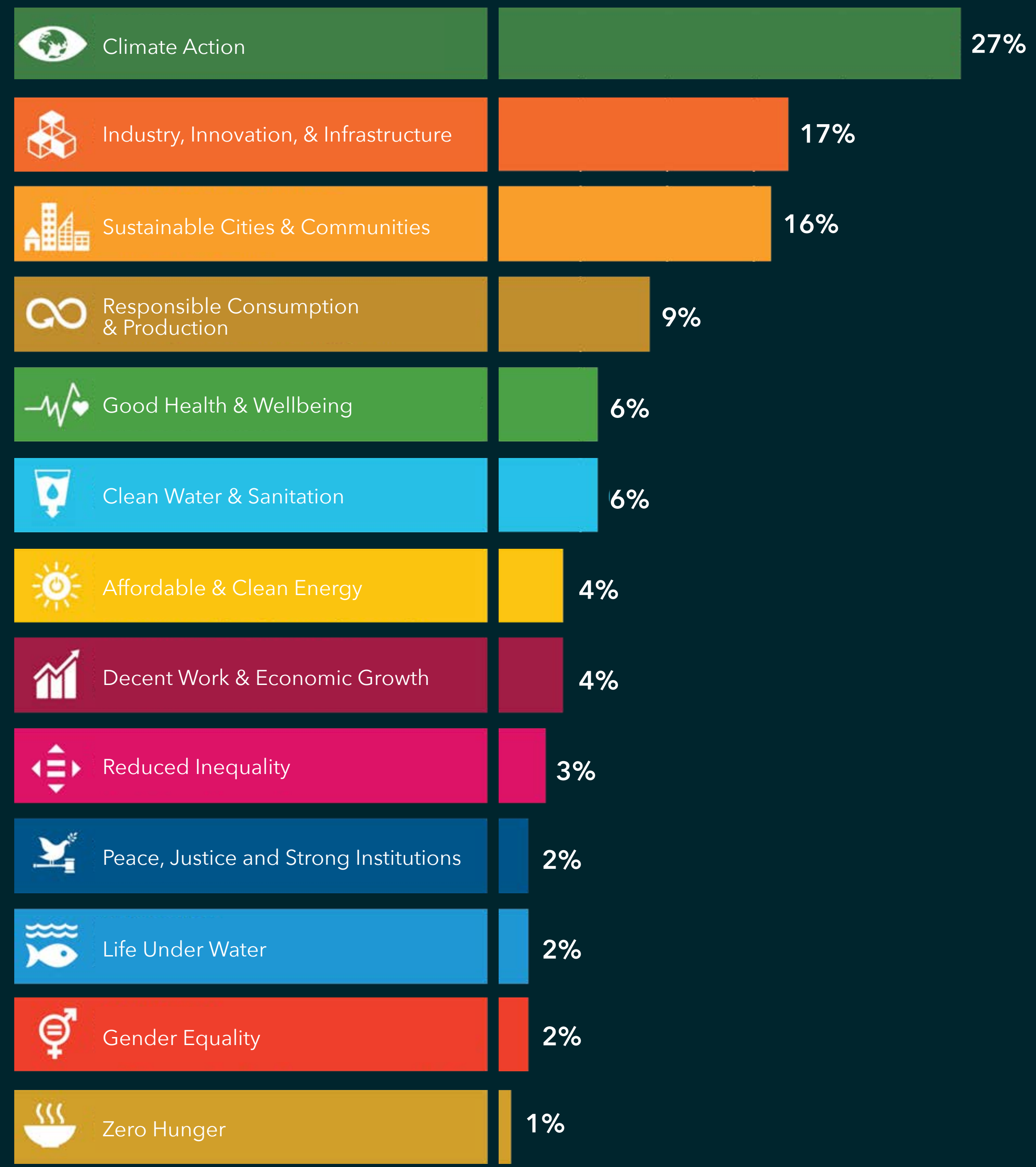
Amplify our voice by collaborating with shareholders and intermediaries

Step 4: Shareholder Resolutions

Consider shareholder resolutions if all else fails

Figure 3: **Engagement Topics by UN Sustainable Development Goals for Rockefeller's Global ESG Equity Strategy** (As of 12/31/19)

To provide investors with a sense for our engagement priorities, we report our activity alongside the UN's Sustainable Development Goals.



Summary of 2019 Engagements by Geography

100%

Engagement with Global ESG Equity Strategy portfolio companies

Key Engagement Themes for 2019

Reducing Methane Emissions from Oil & Gas Joint Ventures

Reason for Engagement: Increased regulatory and stakeholder scrutiny of the natural gas value chain may increase, as methane has ~84x more global warming potential than carbon dioxide. As our energy companies are investing to produce more natural gas, we believe that if they leverage best practices for methane emissions reduction, we can increase shareholder value by mitigating regulatory and headline risk. Within our energy holdings, up to 2/3 of production can come from joint ventures run by operators that may not have the same "best-in-class" emissions control as the parent companies.

Engagement Activity: We engaged with 100% of energy holdings in our Global ESG Strategy on this topic in 2019. We believe they are positioned to play a leading role in the global effort to reduce methane emissions.

Outcomes to Date: One company has agreed to report information about sharing best practices for methane emissions reduction with their joint venture partners. Our goal is to encourage all companies to include non-operated assets in their climate targets for both methane and greenhouse gas emissions. We also sent a letter to the CEO of an integrated oil and gas company, commending their recent public comments to the EPA in which they advocate against the weakening of methane emissions standards.

Anti-Money Laundering (AML) and Fraud Prevention

Reason for Engagement: Money laundering controversies can erode shareholder value and customer loyalty. We believe that increased adoption of improved internal controls will guard against future headline risks and elevate standards globally on these issues.

Engagement Activity: Working with Rockefeller's Chief Anti-Money Laundering (AML) Officer, we developed a list of best-practice internal controls and disclosures that we have used to guide our discussions with 100% of financial companies in our Global ESG Strategy. Additionally, we escalated engagement for one company to an official letter and collaborative shareholder action. The letter requested that the bank increase transparency while drafting a comprehensive action plan to combat money laundering and timeline for implementation. In follow-up communications, we inquired about AML program improvements, incentives for employees to report AML issues, and governance changes since our prior communication.

Outcomes to Date: Rockefeller received a written reply from the Chairman notifying us that they are restructuring its AML program, bolstering internal controls, and enhancing their governance structure. Additionally, the company asked for specific recommendations for an upcoming AML update report and expressed an openness to revise variable compensation targets.

Key Engagement Themes for 2019

Climate Change and Insurance Underwriting

Reason for Engagement: The physical effects of climate change cause damage to property and exacerbate certain health conditions. This can negatively affect the profitability of insurance companies as their payouts could increase as global warming exacerbates both extreme weather events and human health. We believe insurers who disclose how they integrate both their climate-related risks and opportunities into policy underwriting give investors confidence that they are better prepared to succeed in a changing physical environment.

Engagement Activity: We engaged with 100% of insurance companies in our Global ESG Strategy on this topic in 2019. We focused on disclosure, advocating for reporting that is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) as an appropriate framework. In these conversations, the portfolio companies have indicated that because they employ various levels of physical climate risk modeling and analysis, they have discontinued issuing policies in certain locations for specific types of property. We believe that the health effects of climate change could worsen the quality of life even as life expectancy grows in certain markets and have made it clear that these considerations should be disclosed with additional details that affect the actuarial process. Additionally, we engaged our insurance holdings on how climate change affects their investment portfolios. With substantial assets under management, ESG factors should be considered given their risk aversion preferences.

Outcomes to Date: We expect next year's reporting cycle to include details surrounding the many ways in which climate change impacts property and casualty, health and reinsurance product lines, and how our companies are investing to best identify and mitigate these risks to their portfolios. We have already seen some of our holdings join other asset managers and asset owners in various forums established to specifically focus on climate change risk assessment and reporting.

Biopharma Sustainability Roundtable: Investor ESG Communications Initiative

Reason for the Engagement: Drug pricing policies, manufacturing supply chains and other risks continue to be underreported by healthcare companies, increasing risks to shareholder value. The Biopharma Investor Roundtable is an opportunity to collaborate with portfolio companies and prospective investments, where our analysts provide guidance on best practices to improve the quality and efficiency of information communicated from companies to shareholders and stakeholders. We believe that this ongoing working group will elevate ESG standards for the industry globally.

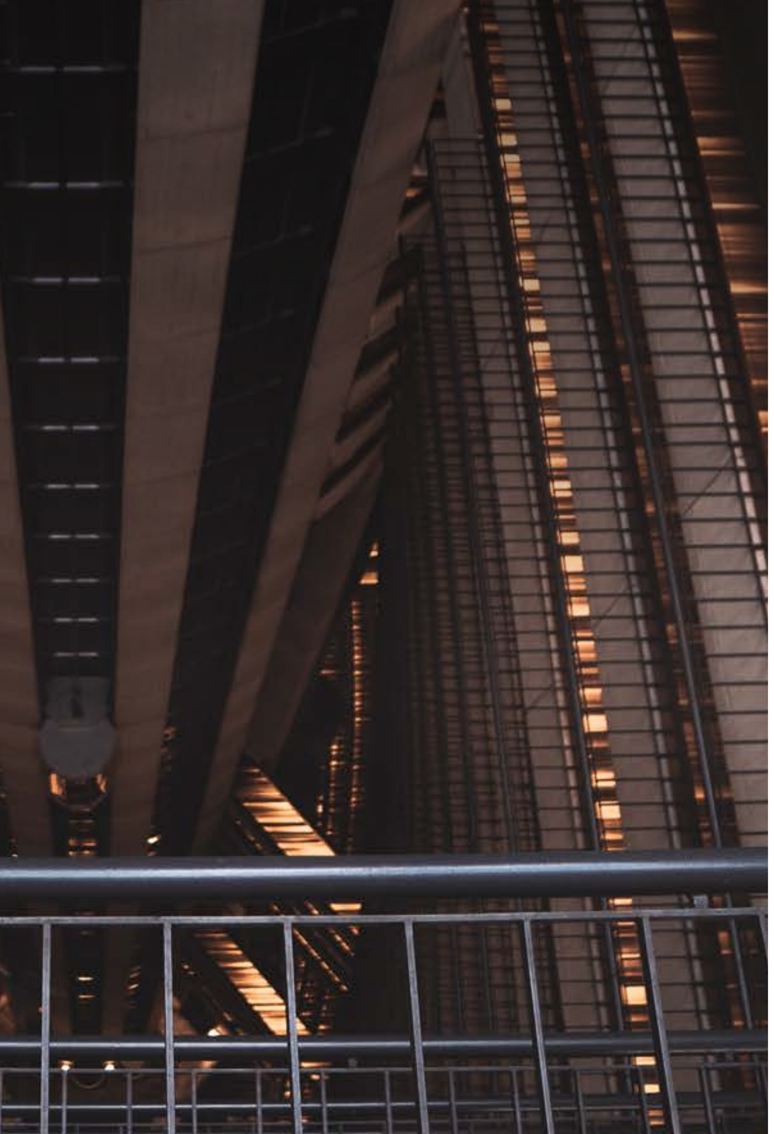
Engagement Activity: The initiative is a sector-focused dialogue between biopharmaceutical company sustainability and investor relations executives and investors designed in a Chatham-house rules, open discussion. The group is developing a guidance framework intended to be widely adopted by companies to enhance ESG disclosures. The ESG team has deepened its participation in providing guidance and recommendations to address concerns over the complexity, misalignment and increasing effort needed for ESG communications between leading biopharma companies and the investor community.

Outcomes to Date: A guidance document is slated for publication in 2020, with recommendations for companies to communicate material ESG issues efficiently and effectively. Pending the outcome and success of the initiative, a template for a broader institutional investor industry project aimed at improving communications between investors and companies across other sectors could be developed.

Portfolio Impact Assessment

Rockefeller Asset Management has adopted the framework of the UN Sustainable Development Goals (SDGs) to measure the impact of our investments by considering a company's products and services as well as its operational footprint. Furthermore, we consider the impact we make through our engagements, as we encourage our portfolio companies to mitigate the ways in which they might detract from certain SDGs while working toward the advancement of others.

Upon mapping the Global ESG Strategy to the 17 SDGs and their 169 sub-targets, we identified five SDGs that are most relevant to our strategy. Using metrics that closely align with the sub-targets and indicators put forth by the UN, these examples illustrate how we quantify the impact of our investments.



UN SDG	Portfolio Impact	Engaging for Impact
3 GOOD HEALTH AND WELL-BEING	14% of the Strategy is directed toward healthcare solutions and access to healthcare	**Cerner:** Cerner's business model focuses on improving the healthcare system through streamlining patient medical data. Given the vast amount of patient and provider data that is collected, the company continues to uncover uses for its electronic medical records systems and data to improve patient outcomes and reduce inefficiencies. For physician and hospital clients this has translated into: reduced incidences of sepsis and incorrect medical dosing; early identification of heart failure; enabling a focus on disease prevention; and less of a paperwork burden. Our dialogue with the company has encouraged an increased focus on big data analytics to address better treatment for maternal and childcare and chronic diseases such as diabetes.
5 GENDER EQUALITY	17% of our holdings have over 25% female executives	**Mitsubishi Electric:** Our engagement with Mitsubishi Electric has focused on increasing gender diversity. The company has stated medium to long-term goals to increase the percentage of women both in engineering and management positions to 20% or more. Although up from previous levels, women only represented 13% of new graduates hired in 2019. Women represent only 10% of management but the company is striving to hire and promote more women through various training programs. Through our engagement with many Japanese companies, we continue to see programs put in place that accommodate working parents through childcare and parental leave to enable increased female participation in a workforce that is facing a pronounced labor shortage.
8 DECENT WORK AND ECONOMIC GROWTH	100% of our holdings actively prevent modern slavery from their operations and/or supply chains	**Novartis:** Our ongoing dialogues have focused on enhancing ethics within the sales culture and how it ties to the company's reputation. The appointment of an Ethics Chief has elevated the priority of this issue to the executive management level and has led to a more principled approach to sales practices, tighter compliance measures and additional training. Our engagement also focuses on drug pricing and access to medicine. The company is considering third party drug pricing assessments to have drugs priced effectively and fairly.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	83% of our holdings publish a sustainability report	**Neurocrine Biosciences:** Our engagement with Neurocrine Biosciences is focused on understanding their approach to Research & Development, talent retention and company culture, as we view strong management in these areas to be essential to the value of a company in their sector. We believe this can be best achieved through enhanced transparency and reporting. As a result, we are supporting the company as they are contemplating publishing an initial sustainability report to highlight internal operating metrics.
13 CLIMATE ACTION	18% of our holdings have committed to sourcing 100% renewable energy Our Global ESG Strategy has avoided 17,061,635 metric tonnes of CO2-equivalent (MtCO2e) in 2019	**Heidelberg Cement:** As the physical impact of climate change increasingly threatens coastal communities, we believe the cement industry will be a critical player in improving the resiliency of our cities. We have been engaging with Heidelberg Cement on a consistent basis since becoming investors roughly three years ago. This includes regular conversations with the CEO and CFO on strategic direction of the company, as well as with leadership of their environmental team to discuss the specifics surrounding their efforts of reducing their carbon footprint. This year, they became the first and only cement company to announce an emissions-reduction target that is in-line with the Paris Climate Accord. We believe this increases the company's competitive advantage as the EU looks to tighten its regulations.

Committed To Increasing Support For ESG Proposals

In the area of proxy voting, advocating for transparency and good governance is part of our fiduciary duty. Rockefeller Asset Management recognizes that ESG factors provide shareholders with an additional lens into the leadership quality, strategic focus and operational standards of a company, identifying potential investment risks and opportunities. While we strive for collaborative engagements with our portfolio companies that lead to positive change, we also actively exercise our right as shareholders to vote proxies. We review and vote proxies on a case-by-case and are committed to increasing support for ESG proposals when appropriate as long-term shareholders.

Figure 4: **2019 Meetings Voted By Region**

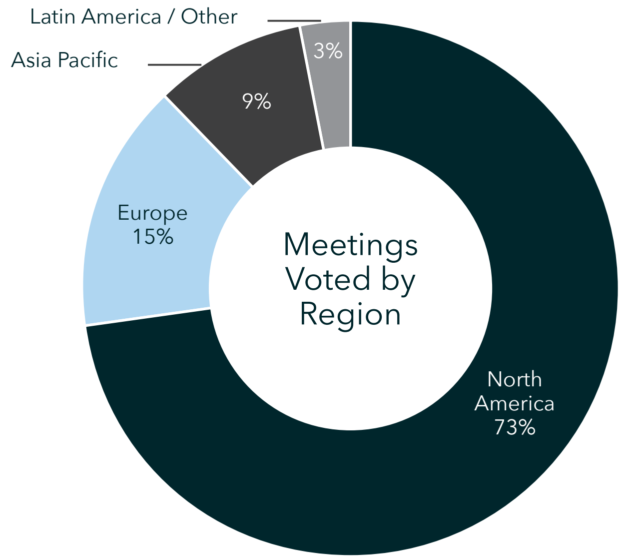
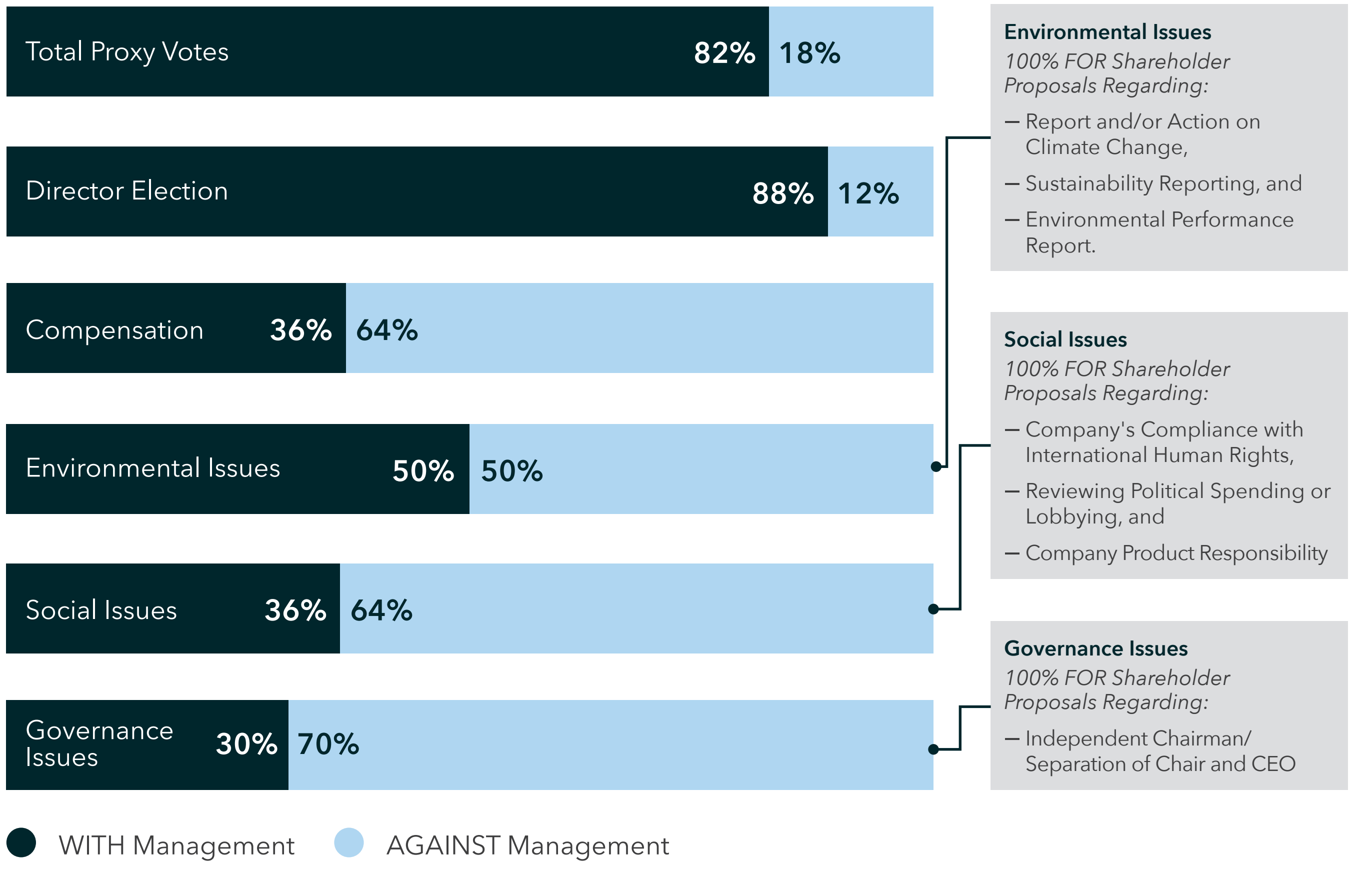


Figure 5: **2019 Proxy Votes By Issue**[8]



(As of 12/31/2019)

8 Statistics for votes cast in line with our ESG Proxy Voting Policy

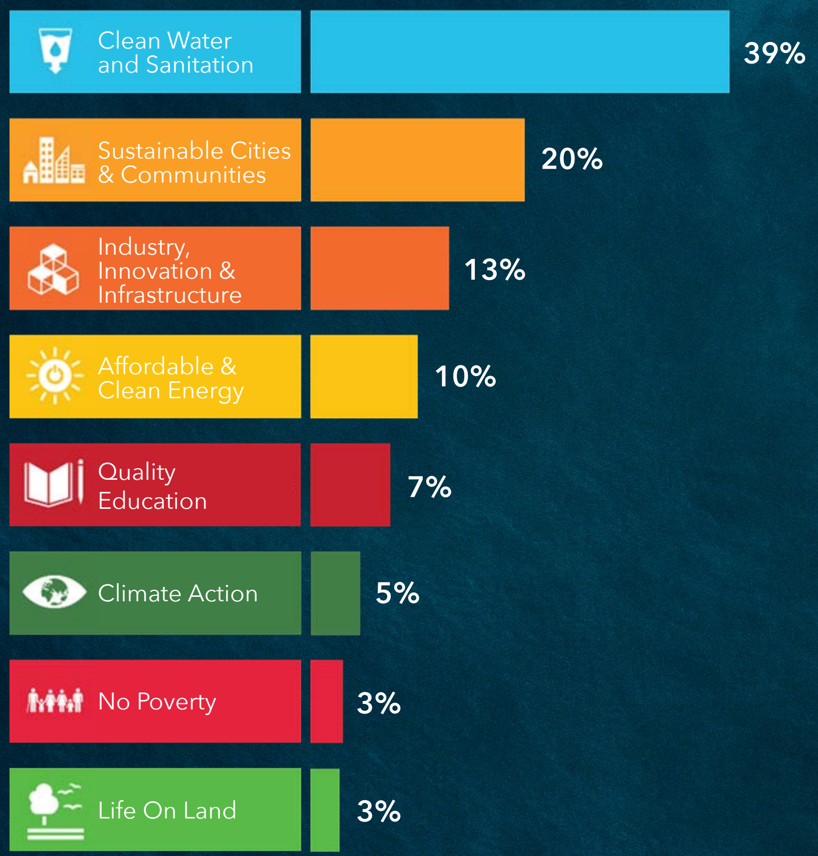
ESG Fixed Income Strategies

For our fixed income strategies, proprietary frameworks are used to assess potential ESG risks to the credit worthiness of issuers as well as positive ESG gains that could be realized through the use of bond proceeds. Additionally, both taxable and tax-exempt strategies are measured against a proprietary framework to quantify impact in alignment with the UN Sustainable Development Goals.

In 2019, our ESG Fixed Income strategies financed:

- Improvements made to water infrastructure enhances efficiency, drinking water access and quality, and access to wastewater and sanitation facilities
- Upgrades and renovations to make buildings more resource efficient; improve transportation systems and promote access to internet and mobile network systems
- Access to safe and affordable housing for low-income populations, upgrades and renovations to make community infrastructure more resilient to the impacts from climate change
- Improvements to educational and research institutions that enhance the productivity, quality, and access to education and research; programs for emerging technical fields such as STEM and training/re-training for jobs
- Projects that support the development of renewable energy production and/or access to clean energy
- Upgrades that seek to reduce greenhouse gas emissions; improve energy efficiency and building resiliency, and investments that seek to improve the monitoring of climate change and its impacts

Figure 6: **Intermediate Tax-Exempt Fixed Income Strategy**
(As of 12/31/2019)



Internal Initiatives

Rockefeller Capital Management and Diversity

Rockefeller Capital Management (RCM) believes that promoting inclusion is a leadership choice that cultivates cognitive diversity, creativity and innovation leading to results for its stakeholders. We believe in fostering a vibrant, inclusive culture inspired by a common purpose, collaborating towards a greater vision for the future. We are committed to attracting, developing and motivating the best and the brightest, nurturing professional growth and personal fulfillment. The Firm's Executive Committee recently issued a statement on diversity and inclusion that focuses on inclusion across three pillars: culture, talent and performance.

RCM takes great pride in the integrity, depth and vision of its professionals, and embraces the diversity of their backgrounds. As an equal opportunity employer, the Firm does not discriminate against applicants or employees on the basis of race, color, religion, gender, national origin, alienage or citizenship, age, pregnancy, pregnancy-related conditions, status as a victim of domestic violence, military or veteran status, sexual orientation, gender identity or expression, marital or partnership status, caregiver status, creed, genetic predisposition or carrier status, legally recognized disability, political affiliation or any other basis protected by applicable federal, state or local law.

Executive Committee Statement

Promoting inclusion is a leadership choice that creates competitive advantage. Our commitment to fostering inclusion is driven by three fundamental core beliefs:

Culture

– Our high-performance culture is built on a foundation of meritocracy where people can grow their careers and are recognized and rewarded for creating value. Any form of discrimination or exclusion (conscious or unconscious) goes against the Firm's culture and values.

Talent

– A leadership team and organization that reflects the diversity of the marketplace is critical to winning new clients, serving existing clients and attracting, motivating and retaining exceptional talent.

Performance

– An inclusive workplace empowers cognitive diversity, fosters creativity, inspires innovation and increases problem-solving ability. Diverse teams outperform homogeneous teams and deliver better outcomes for our clients.

Measuring Impact:

Culture Index

– We are committed to measuring the cultural tenets of the Firm including respect, inclusion, debate, and feedback, to continuously and consistently align our organization to our Firm principles.

Talent Scorecard

– We are committed to measuring diversity by business, functional areas and across levels, in talent acquisition and retention.

Performance Metrics

– We are committed to measuring overall business performance metrics focused on optimizing client impact and firm results.

As of December 31st 2019, 53% of the overall firm and 37% of Senior Management are represented by women and people of color. Additionally, 63% of Rockefeller Asset Management's investment team are represented by women and people of color.

Environmental Footprint

Rockefeller Capital Management's has taken steps to ensure that our new office facilities consider environmental sustainability in daily operations and construction.

LEED is an internationally recognized green building certification system that measures the degree to which a building is constructed and operated in an environmentally sustainable matter, addressing: building site, water efficiency, energy consumption, material and resource management, and air quality. While we hope to achieve LEED certification, we continually strive to align our practices with LEED standards in the interim.

The following points highlight key areas of sustainable achievement as established by LEED and are currently being satisfied by RCM's offices at 45 Rockefeller Plaza "45 Rock":

– 45 Rock is in close proximity to public transit and biking facilities, reducing automobile dependence.
– RCM's office is compliant with ASHRAE 90.1-2010 – a standard to ensure systems are working efficiently with as little material and resources as necessary for building insolation, HVAC systems, water heating, power, lighting, and general office equipment.
– RCM's office space meets ASHRAE standards for HVAC background noise, sound transmission, reverberation time limits, and sound reinforcement for conference rooms.
– The office does not use any CFC-based refrigerants, which deplete the ozone layer. All refrigerants used in the office have an ozone depletion potential of zero and global warming potential of less than 50 (out of 4500).
– RCM executes a comprehensive recycling program which addresses trash, plastic, metal, glass, cardboard, and paper.
– RCM's lease at 45 Rock exceeds ten years, ensuring a long-term commitment to the space and avoidance of unnecessary resource waste related to frequent office moves.
– 45 Rock prohibits smoking in the building or within 25 feet of the building.

Construction & Demolition Waste Management

– The 45 Rock construction team diverted at least 75% of construction & demolition material away from waste streams to be recycled and re-used during recent renovations.
– The construction team met SMACNA IAQ guidelines, ensuring satisfactory indoor air quality (IAQ) of occupied buildings undergoing renovation or construction.
– The construction team protected absorptive materials from moisture damage, and did not operate permanently installed air-handling equipment whose air filters were not rated as effective and efficient.

In both its operations and its investment strategy, RCM is committed to the support and adoption of practices that are conscious of environmental sustainability at their inception.

Appendix: TCFD Disclosure Summary

Rockefeller Asset Management's Approach to Assessing Climate Change Risks and Opportunities

We believe that markets require a consistent framework along which companies can disclose their climate-related risks and opportunities. We support the Task Force on Climate-related Financial Disclosures (TCFD) and strive to communicate our climate risk governance and strategy to our stakeholders in line with TCFD Recommendation guidelines.

In addition to our 2019 award-winning report detailing our thoughts on quantitative climate risk modeling[9], an in-depth report on Rockefeller Asset Management's approach to assessing and managing climate-related risks and opportunities is slated for release later in 2020. The below information briefly summarizes our high-level management of, and exposure to climate-related risks and opportunities.

Management & Oversight

Rockefeller Asset Management's President and Chief Investment Officer oversees the climate risk analysis process. Climate-related risks and opportunities are assessed by both the Investment Analysts and the ESG Analysts when material as part of the integrated investment approach covering the majority of our assets under management. Climate physical and transition risks and opportunities, and risk mitigation strategies are researched, deliberated and presented on an individual company basis as part of each investment decision alongside other elements of fundamental valuation and analysis.

The Resiliency of Active Management: Responding to Climate Risks and Opportunities

Climate change presents both risks and opportunities that we consider as part of our investment approach. The flexibility of active management allows us to quickly pivot as the probabilities of global carbon pricing mechanisms (1.5° and 2° transition scenarios) increase, and as we see continued demand disruption to fossil fuel end markets (Electric vehicles, Renewable Energy, Bioplastics). This flexibility also allows Rockefeller Asset Management to develop new strategies specifically designed to capture transition opportunities as we see the rise of companies focused on providing mitigation and adaptation solutions for many climate effects on ecosystem services.

As long-term investors, we closely monitor global and regional climate regulation and consider climate transition scenarios as part of our investment process. Moreover, we engage certain portfolio companies to set aggressive emissions-reduction goals and encourage them to proactively fortify their supply chains and infrastructure against more intense physical scenarios. As many of our portfolio companies incorporate climate regulatory and transition risk mitigation into their business strategies, we believe the most significant risks to our companies are likely physical, as we continue to see disruptions to infrastructure and supply chains from severe weather events.

From the Bottom to the Top: Integrating Climate Risk Analysis into Company Selection

Climate-related risks to portfolio companies are identified through a bottom-up assessment that considers the company's past emissions performance, strategy to reduce future emissions, regulatory and physical risks within their operations as well as risks to their product portfolio from demand and technology disruption. A component of Rockefeller Asset Management's research approach is to work closely with pertinent companies in an effort to understand their risk management approaches to climate change including: emissions target setting, executive and staff remuneration tied to energy/emissions reduction, CAPEX for efficiency improvements; targets for renewable power procurement; capital allocation toward less carbon-intensive projects, etc. Researching and observing company climate emissions performance, extreme weather events, supply chain risks, global policy developments and secular trends is a continuous and fundamental part of portfolio monitoring. Climate risks are uncovered from fundamental research on a company by company basis and we will continue bolstering our climate risk analysis as more decision-useful metrics become available. Additionally, we became members of the UN Environment Programme Finance Initiative (UNEP FI) in 2018, joining their pilot project on Implementing the TCFD Recommendations alongside 19 other investors and as the only U.S. investor.

From the Top to the Bottom: Integrating Quantitative Risk Metrics with Fundamental Research

In 2019, we examined how our core strategies (representing 90% of our AUM) would fare under 1.5°, 2°, and 3° transition scenarios as well as aggressive and average physical climate scenarios. A detailed analysis of the results will be presented in our expanded TCFD report, slated for release later in 2020.

Improving Portfolio Risk Analysis in 2020: While we believe that top-down modeling of climate-related risks can complement our fundamental, company-specific research approach, due to the issues surrounding data quality and consistency, we have struggled to find metrics we can rely on to aggregate our interpretation of climate risks across the portfolio. Current tools available for assessing transition risks associated with carbon pricing, such as those based on incomplete carbon footprinting, have been a challenge to uncovering decision-useful information. Additionally, while there have been innovations in global asset mapping, there is little information on the strategic importance of underlying company assets. We intend to deepen our focus on assessing physical risks to company supply chains, exposure to potentially regulated markets and continued demand disruption for fossil fuel end markets.

Key Considerations in Modeling Regulatory Risks

Regulatory risk should include Scope 1, 2 and 3 data as well as company targets and emissions reduction rates

- Models that only consider Scope 1 & 2 emissions create sector bias depending on how carbon is consumed along the value chain
- Energy names do not comprise most of the regulatory transition risk on an absolute or portfolio-weighted basis
- Company-specific emissions trajectories must be included to capture more accurate regulatory risk exposure

Key Considerations in Modeling Physical Risks

Facility quality and supply chain positioning are critical in calculating the real cost of asset damage

- The real cost of damages and repairs is tied more to the intrinsic value of the asset, than purely the location
- The highest risks to revenue disruption come from key locations in the value chain as an extreme weather event could stop a critical part of the manufacturing supply chain or shipping
- Weather damage could cost hundreds of millions of dollars in rebuilding capital equipment or lead to liabilities if waste storage facilities are damaged

Engaging through the Transition: Reducing Idiosyncratic and Systemic Climate-related Risks to Portfolio Companies

Asset Managers and Asset Owners are challenged in that a majority of public companies do not disclose climate risks with consistency, let alone along the TCFD Recommendation guidelines. This makes aggregating portfolio exposures to certain risks imprecise and therefore not appropriate as a basis for investment decisions. As such, Rockefeller Asset Management has adopted a 3-step approach to address this issue with relevant holdings:

1. Conduct fundamental analysis of climate risks and opportunities for portfolio companies
2. Engage portfolio companies to adopt the TCFD Recommendation guidelines
3. Adopt the TCFD Guidelines for our own analysis and reporting to better engage on their wider adoption

Our overall approach for reducing climate-related risks has elicited key questions for Rockefeller Asset Management: should we be investing today to prepare for a future of less likely policy scenarios? Given that increasing climate volatility is a systemic risk to global markets, should we be investing to decrease the likelihood of warming trajectories despite lagging policy? Can we in fact do both?

The best we can determine is that pushing emissions-heavy industries to decarbonize could be more effective than divesting. It serves the purpose of both reducing the amount of carbon in the atmosphere and minimizing regulatory risk from inevitable carbon pricing.

9 https://www.unepfi.org/wordpress/wp-content/uploads/2019/05/TCFD-Changing-Course-Oct-19.pdf; RAM Case Study beginning on page 83

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