



PPMAMERICA



Corporate Responsibility
2024

ANNUAL REPORT



PPMAMERICA

Committed to partnering with
our clients and our employees to
support their sustainability goals.

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PPMAMERICA

We aim to deliver consistent results that our clients can depend on to meet their risk and return expectations.



LEADERSHIP STATEMENT¹

Craig Smith, CFA

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Since our founding in 1990, we aim to deliver consistent results that our clients can depend on to meet their risk and return expectations. Our corporate responsibility initiatives support our ability to deliver these results through client-focused responsible investment practices, an engaged and respectful culture, and commitment to supporting the communities in which we live. We are proud of the work completed by our teams in 2024 and are pleased to share their accomplishments.¹

2024 Highlights

> **ASSESSING SUSTAINABILITY RISKS AND OPPORTUNITIES**

On behalf of our clients, we continued to consider material sustainability factors in our investment analysis, identifying both risks as well as opportunities. In support of our fixed income investment process, the team implemented an internal sustainability model with the goal of offering a valuable tool in our credit analysis and portfolio construction.

> **STRENGTHENING OUR LOCAL COMMUNITIES**

Together with our parent company, Jackson Financial Inc., PPM continued to fulfill its strategic long-term plan of community engagement and giving to strengthen families and create economic opportunities. We participated in our fifth Summer of Service, which facilitated associates' volunteer service totaling more than 180 hours.

> **FOSTERING A RESPECTFUL AND INCLUSIVE ENVIRONMENT**

Our mission is to cultivate an open and collaborative environment to help attract and retain highly talented people. We continued to support these efforts through partnerships and group sponsorships.

In 2025, we will continue moving our corporate responsibility efforts forward to ensure we continue to meet the objectives of our clients and employees.

¹ As of 31 December 2024. Opinions expressed herein are current as of the date indicated and subject to change without notice. Forward-looking statements are subject to uncertainties that could cause actual developments and results to differ materially from the expectations expressed. **Past performance is no guarantee of future results.**

An aerial photograph showing a large-scale solar farm. The solar panels are arranged in a grid pattern, with several large, mature trees interspersed among the rows. The surrounding area is a dense, lush green forest. The lighting is bright, suggesting a sunny day, with some lens flare visible in the upper left corner.

Responsible Investment

Considering sustainability factors in our investment approach alongside deep fundamental research helps us make more comprehensive assessments of risk and opportunities and is directly linked with our mission to meet the unique investment objectives of our clients. Our integrated approach to responsible investment applies to all asset classes across the firm, including public fixed income, private debt (credit and real estate) and private equity.

An aerial photograph of a forest with a grid overlay. The grid is composed of white lines on a dark blue background, creating a pattern of squares. The trees are green and brown, and the grid lines are slightly curved, following the shape of the forest. The text is centered in the lower half of the image.

MISSION **STATEMENT**

Our mission is to be seen by clients and their advisors as a consistently reliable partner to help them achieve their long-term value goals. This includes constructing portfolios that support each client's sustainability goals and objectives.

Consistent with our fiduciary obligations, we incorporate sustainability factors into our investment analysis as we seek to consider all factors that can impact our ability to deliver positive investment results for our clients.

STRATEGY AND GOVERNANCE

Our responsible investment activities are guided by the PPM Responsible Investment Working Group (Working Group), chaired by our President and Chief Executive Officer. The Working Group meets at least quarterly and includes members from across PPM. This broad participation encourages diverse viewpoints, which are valuable as we refine our approach to responsible investing on behalf our clients.

Principles for Responsible Investment

PPM has been a signatory to the United Nations-supported Principles for Responsible Investment (PRI) since October 2018, demonstrating our commitment to responsible investment on behalf of our clients. Our public Signatory Report and additional information regarding the PRI's methodology is available via www.unpri.org.

SIGNATORY OF



THE WORKING GROUP'S PRIMARY FUNCTIONS ARE TO:

- > Oversee and govern the firm's responsible investment initiatives and requirements, including those of individual clients, investment strategies and investments.
- > Provide a management level forum for the review and discussion of responsible investment matters and topics.
- > Provide responsible investment-related analysis, reporting and recommendations to the firm's various stakeholders.



OUR HISTORY

Since its founding in 1990, PPM's investment teams have sought superior investment results through a consistent investment philosophy rooted in fundamental, bottom-up research and prudent risk management. Consideration of sustainability factors has long been part of this analysis. Responding to the expanding needs of our clients, we formalized the integration of these factors in 2018.

'18

- > Created the Responsible Investment Working Group and adopted a Responsible Investment (RI) framework
- > Became signatory of the UN-supported Principles for Responsible Investment (PRI)

'19

- > Integrated sustainability data into internal systems including our proprietary credit portal and data warehouse

'20

- > Implemented a tool for monitoring sustainability factors at the portfolio level
- > Included securitized assets in the RI framework

'21

- > Added a dedicated sustainability resource
- > Held portfolio-level sustainability reviews by senior management and oversight committees
- > Implemented responsible investment guidelines at the direction of certain clients (portfolio decarbonization targets, divestment from controversial sectors)

'22

- > Onboarded a climate risk and scenario analysis tool in support of a client's objectives
- > Sub-advised Article 8-labeled funds under the European Union's Sustainable Financial Disclosure Regulation

'23

- > First client-directed impact investment by the private equity team

'24

- > Implemented internal sustainability model for public fixed income

INTEGRATION ACROSS ASSET CLASSES

At PPM, our investment teams evaluate sustainability factors and decide when they may have a material impact on the financial performance of an investment. Our integrated approach is flexible, allowing the unique characteristics of the asset class to inform our analysis.

Fixed Income

As part of the fixed income credit research process, analysts make a judgement regarding the materiality and impact of sustainability issues². Their assessments of material sustainability risks are incorporated into their investment rationale and discussed with portfolio managers in investment committees and company update meetings.

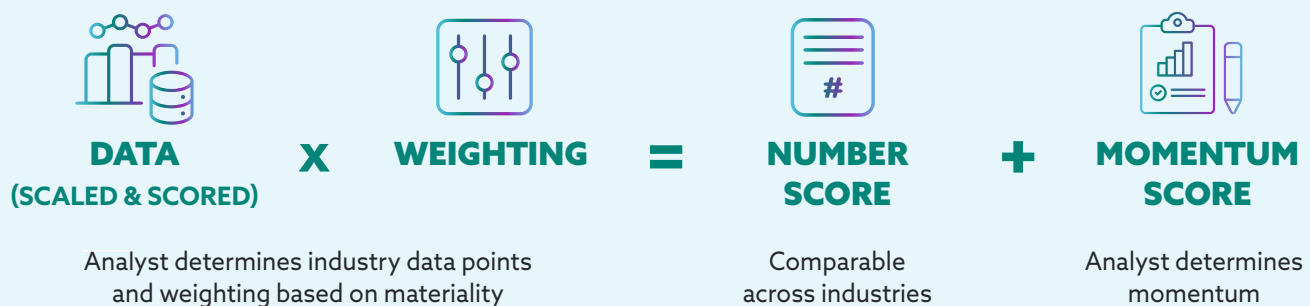
For public fixed income, our view on a company's current and future sustainability is derived from our proprietary Internal Sustainability Model (ISM). The ISM includes a number score calculated from

company-provided data as well as a qualitative forward-looking momentum indicator reflecting an analysts' view of the direction of an issuer's sustainability profile. Together, these scores help inform an analyst's overall internal credit ratings and opinions as well as a portfolio manager's investment decisions.

Issuer's ISM score, internal credit rating and relative value opinions are published in our proprietary Credit Research Portal, along with credit metrics, historical commentary and portfolio holdings. The portal is available to credit analysts, portfolio managers and traders to help facilitate information flow for all issuers.

Our credit analysts regularly seek discussions with company leadership, providing opportunities to gain additional perspective on sustainability and related risks through in-person meetings, investor phone calls, and industry conferences.

PPM'S INTERNAL SUSTAINABILITY MODEL³



² While sustainability factors have long been considered in our credit research process, the integration of sustainability factors in our investment process was formalized in 2018. ³ For illustrative purposes only. No assurance can be given that such processes will be applied at any given time and are subject to change without notice.

Commercial Real Estate

PPM's commercial mortgage lending team reviews Phase 1 Environmental Site Assessments and conducts further environmental investigations where warranted. Investments with potential material environmental issues are typically avoided.

Additionally, as part of the due diligence process, sponsors/borrowers are required to complete a sustainability questionnaire developed by the commercial real estate team. Relevant information obtained from the questionnaire is included in the memo for the transaction as part of the investment recommendation presented to the Real Estate Credit Approval Committee. A summary of the property's climate risk as well as walk/transit scores and any multifamily affordable housing component are also included in the memo.

Private Equity

FUND INVESTMENTS are evaluated for potential sustainability considerations through the due diligence process. The private equity team solicits and analyzes sustainability related information from fund general partners. Fund general partners complete a due diligence questionnaire (DDQ) for each investment opportunity. In addition to other relevant considerations, the DDQ responses and a fundamental analysis of any sustainability risks are summarized and presented to the Private Equity Investment Committee prior to investment.

CO-INVESTMENTS are made almost exclusively alongside general partners with whom PPM has an existing fund investment. As such, the private equity team leverages the sustainability due diligence completed during the fund investment underwriting. In addition, each co-investment deal

is reviewed to identify any material sustainability issues or conflicts with the sponsor's sustainability policy. Consideration is also given to whether the deal is in line with PPM's current investment strategy. The private equity team is supportive of and encourages sponsors to commission outside specialists to perform independent sustainability due diligence on certain deals.

CONTINUATION VEHICLES (similar to co-investments) are typically executed alongside general partners with whom PPM has an existing fund investment. As such, the private equity team leverages the sustainability due diligence conducted by our general partners when evaluating a continuation vehicle (CV) investment. As part of our own due diligence on GP-led CV opportunities, each investment is reviewed to identify any material sustainability issues or conflicts with the sponsor's sustainability policy. Consideration is also given to whether the investment is in line with PPM's current investment strategy. The private equity team is supportive of and encourages sponsors to engage external specialists to conduct independent sustainability due diligence or provide a comprehensive summary of their sustainability findings or analysis for each CV opportunity.

ONGOING MONITORING

The private equity team maintains oversight of each investment through continuous monitoring, including additional review of material sustainability factors. Ongoing monitoring may include reviewing capital calls, distributions, quarterly and annual financial reports, participating in quarterly/semi-annual limited partner and advisory committee calls, attending annual meetings, and ongoing conversations and on-site visits with the sponsor.



CLIMATE AND TRANSITION RISK

Climate risk can be viewed through the lens of both the physical risks as well as the transition risks that arise as the climate changes. We believe that part of portfolio risk management includes an understanding of the potential impact of climate risk within our investment portfolios.

For sectors that are particularly vulnerable to climate transition risk, such as Automotive, Utilities, and Oil and Gas, PPM continually assesses the risks and opportunities as these companies prepare for a transition to a lower-carbon world. The investment teams will look at the key drivers of change in each sector and provide an outlook for the future.

DISCUSSIONS WITH ISSUERS

As fundamental, bottom-up investors, research is the cornerstone of our investment process. While PPM is not an activist investor, we regularly take opportunities to discuss opportunities and risks with companies throughout our rigorous investment process. As our client portfolios are primarily invested in bonds, we do not generally have voting rights or the ability to make shareholder proposals. However, we believe that as we allocate capital to companies, our direct line of access and communication with management teams is important.

Discussions with management are an important part of PPM's research process. Our investment professionals regularly meet with company leadership to discuss material risk factors, including sustainability where applicable. Our company interactions include in-person meetings, investor phone calls, and industry conferences. We view these interactions as a chance to listen and learn directly from company management as well as an opportunity to ask questions and provide feedback.



APPROXIMATELY
231 DISCUSSIONS
WITH **INVESTEE**
COMPANIES⁴



26% DISCUSSIONS
WERE RELATED TO
SUSTAINABILITY⁴



56% Environmental
38% Social
6% Governance

⁴ As of 31 December 2024.

CLIENT-LED NEGATIVE SCREENING/ EXCLUSION LISTS



CLIENT-LED INVESTMENT OBJECTIVES

We seek to integrate sustainability factors in conjunction with all other factors that can influence the risk or return of an investment. We currently do not maintain firmwide exclusion lists applied at a strategy or fund level. For clients who wish to exclude certain investments in their portfolios, we will work to implement these restrictions unique to their responsible investment requirements. Examples of such client-directed investment exclusions include:

- > Companies with 30% or more of revenues tied to coal
- > Companies with a GICS level 3 classification of "Tobacco"
- > Companies with verified involvement in controversial weapons



COMPLYING WITH SANCTIONS

We are committed to complying with applicable sanctions imposed by jurisdictions in which we operate. All portfolios are subject to sanctions-related screening or exclusions. Specific requirements may vary, but a portfolio may be prohibited from investing in instruments associated with certain targeted sanctions restrictions on sovereigns, corporates, individuals or industries.

INTEGRATION IN ACTION

Opportunity in Renewable Energy Generation

In 2024, PPM's investment grade private and structured credit team invested in a green bond financing issued by a global infrastructure developer (the Issuer).⁵ The Issuer has a primary focus on sustainable energy generation, as well as on engineering, construction, and maintenance services for civil infrastructure projects. The proceeds from the bond were used to finance green eligible activities per the Issuer's sustainable impact financing framework.

ANALYSIS

Sustainability is an objective that is core to the Issuer's energy generation business, which develops renewable power projects to help reduce greenhouse gas emissions. In its infrastructure segment, the Issuer develops hydro-electric dams, a source of clean energy generation. In addition, senior management is actively involved in various global sustainability organizations, including the United Nations Global Compact. The Issuer invests in civil/social infrastructure globally, including industrial projects (roads, bridges, railways), as well as social projects (healthcare facilities, water treatment facilities, and urban and environmental services).

The Issuer operates desalination concessions in water scarce regions such as the Middle East, Australia, and Latin America.

INVESTMENT RATIONALE

In addition to the positive sustainability opportunities reviewed above, the Issuer benefits from a stable cash flow profile from its contracted generation activities and long-term concession agreements. The Issuer also benefits from strong geographic and business segment diversity. Importantly, while PPM's investment teams review sustainability risks and opportunities, the overall principle guiding investment decisions focuses on total risk and value.

⁵ Provided for illustrative purposes only and is not indicative of PPM's investment experience as a whole or current or future holdings. Holdings are subject to change and may not be representative of current or future investments of the indicated asset classes. No assurance can be made that similar investment opportunities will be available or form part of a future invested portfolio. Additional information is available upon request.



Engaged Culture

Our growth and longevity as a company depends on a culture of respect and a belief that inclusion enables us to innovate, execute and grow. This culture is fundamental to the long-term well-being of our employees, clients, and the communities where we live.

Culture of Respect

To maintain our organizational culture⁶, which is built upon collaborative teamwork, respect, strong execution, and a commitment to employee professional growth and career advancement, we have the following strategic approach:

> ENSURING AN INCLUSIVE WORKPLACE

Foster a culture where associates can build meaningful relationships, unlock their full potential and celebrate each other's successes.

> DEVELOPING A ROBUST TALENT POOL

Welcome unique perspectives and capabilities across the business by attracting a robust pipeline of talent for development and succession planning.

> LEVERAGING PARTNERSHIPS

Engage external organizations that support our mission and add value and resources to the work we are doing internally.

> REPORTING OUR PROGRESS

Execute on culture and engagement goals and objectives against which we can be evaluated.

Through these efforts, we cultivate a sense of belonging at PPM by actively appreciating and respecting each other for our unique backgrounds. This allows us to best serve our clients through inclusive and collaborative partnerships.

ADVISORY COUNCIL

Led by our parent company, the Advisory Council, established in 2018, identifies opportunities for advancing our workplace culture, aligned with the company's values. They collaborate with Jackson's Business Resource Associate Groups and business units to bring new ideas and reinforce existing practices that create value for associates and the company.

BUSINESS RESOURCE ASSOCIATE GROUPS (BRAGS)

Our workplace culture comes to life through our voluntary, associate-led resource groups. Supported by executive leadership and aligned with our mission and core values, our BRAGs provide opportunities to empower all associates to share their unique and diverse talents with each other.

FOR THE **THIRD TIME IN A ROW** AND
THE **FIFTH TIME IN OUR HISTORY**,
PPM HAS BEEN RECOGNIZED AS ONE
OF **THE BEST PLACES TO WORK**
IN MONEY MANAGEMENT BY
PENSIONS & INVESTMENTS.⁷



⁶ PPM is a direct subsidiary of PPM Holdings, Inc. and an indirect, wholly owned subsidiary of Jackson Financial Inc. (JFI), a publicly traded company (NYSE: JXN). PPM's engaged culture efforts are led by Jackson National Life Insurance Company® (Jackson®), JFI's primary life insurance subsidiary. ⁷ The Best Places to Work in Money Management award created by the Pensions & Investments was provided on 9 December 2024 and in 2023, 2022, 2019 and 2018. The Best Places to Work award covered period of respondents' employment prior to that date. While PPM did not provide cash compensation for this ranking, PPM may use companies or agencies that provide such ratings and/or rankings to perform other services for PPM unrelated to the ratings and/or rankings and in exchange for cash compensation.



Attracting High-Potential Talent

We regularly review and make improvements to our recruiting process, including how we approach job postings, develop position requirements and conduct interviews. Through partnerships, we are building our recruiting pipeline and are developing stronger leaders who support innovative thought and promote an inclusive results-oriented culture.

Our early career hiring efforts and university partnerships are focused in the Chicago area. We seek to partner with the university to support career and professional development of their students through diverse student organization sponsorship, professional development workshops and networking sessions. Some examples of our partnerships include DePaul University and Northwestern University.

Mentoring

As part of our broader organization, PPM participates in the 'Mentoring at Jackson' program. The program's goal is to empower employees to take ownership of their careers, develop skills and build their networks. Our mentoring relationships are focused on developing the following competencies:

> CAREER DEVELOPMENT

Identify and articulate skills, strengths, knowledge and experiences relevant to career goals, and identify areas necessary for professional development

> DEVELOPING A NETWORK

Build, maintain and strengthen partnerships with others inside or outside the organization who can provide information, assistance and support

> OVERCOMING CAREER OBSTACLES

Recognize current or potential career challenges and establish a plan to move forward and act

> GOAL SETTING

Identify something to accomplish and establish measurable goals and timeframes

> EFFECTIVE FEEDBACK

Deliver positive and constructive feedback to colleagues or teammates in a way that it can be well received and acted upon

We believe mentoring is valuable for both mentors and mentees as a tool to build skills, increase confidence and strengthen employee connections and networks.

Leveraging Partnerships

We value our strong partnerships with organizations that help us broaden and strengthen our talent pool. Through these partnerships, we are building our recruiting pipeline and are developing stronger leaders who support innovative thought and promote an inclusive culture.



CHICAGO SCHOLARS

In 2024, PPM partnered with Chicago Scholars and their “Emerge” program to fill one of our summer internship opportunities and had a prior 2023 scholar return for another summer internship opportunity. Emerge is a unique summer internship program that pairs academically successful and motivated college-aged students from under-served communities with Chicago area businesses and non-profits. The mission of Emerge is to provide students with practical experience, career development, and leadership training.

WOMEN IN FINANCIAL MARKETS (WIFM)

WIFM is a nonprofit organization whose mission is to attract, retain, educate and develop female leaders in the financial industry. They provide targeted channels for education, mentoring and sponsorship, leveraging senior leaders within their organization. WIFM currently has over 8,000 participants worldwide in the financial industry, who consist of women with a range of backgrounds, positions and seniority.⁸



WOMEN INVESTMENT PROFESSIONALS

For its ninth year, PPM is proud to be a gold level sponsor of Women Investment Professionals (WIP), a Chicago-based non-profit organization that provides a forum for networking and professional development for women involved in institutional investing.

⁸ Source: www.womeninfinancialmarkets.org.



Investing in Our Community

Since our inception, PPM has consistently engaged in the community, strengthening the impact we can have on Americans' lives.



Led by our parent company Jackson,⁹ our organization's corporate philanthropy team completed year two of a five-year strategic plan, with engagement and giving efforts that align with our plan objectives. In 2024, support was adjusted toward a more balanced mix of nonprofits with giving priorities toward strong families and economic opportunities. And the number of multi-faceted nonprofit partners increased, supporting our goal to maximize our impact through financial investments and volunteerism.



STRONG FAMILIES

Support starts with nonprofits that help families break generational cycles of poverty and trauma by providing stability in their most critical needs.



ECONOMIC OPPORTUNITIES

Building on stability, we also support nonprofits that change individual trajectories with access to finance, employment, and education.



FINANCIAL WELL-BEING

Through our philanthropic impact, Jackson supports nonprofits that provide services and resources to help recipients across our communities achieve long-term financial freedom.

⁹ PPM is an indirect, wholly owned subsidiary of JFI. PPM's corporate philanthropy efforts are fully funded and staffed through the corporate philanthropy budget of Jackson®, JFI's primary life insurance subsidiary.

DEVELOPING CAREER PATHWAYS

Throughout the year, PPM and Jackson opened their offices for students to get first-hand experience in a corporate environment, learn about careers in financial services, and see what makes our organization an employer of choice. During 2024, PPM worked with Communities in Schools® of Chicago (CIS), which surrounds Chicago's youth with a community of support, expanding their opportunities and removing barriers to their future success. In addition, Mary Capasso, executive vice president, chief operating officer and general counsel, serves on the CIS Board of Directors.

SUPPORTING ECONOMIC MOBILITY

Throughout the summer, PPM and Jackson associates volunteered 180 hours in support of our annual volunteerism program, Summer of Service, by learning how social enterprises at North Lawndale Employment Network and New Moms provide employment training opportunities. New Moms and North Lawndale Employment Network help residents develop skills and behaviors that improve their ability to successfully navigate the job market, close educational gaps, secure sustained employment and improve household economic conditions. Jackson provided North Lawndale Employment Network with \$34,250 in financial support and more than \$23,000 to New Moms to support their individuals and families move toward economic stability.

TRAINING LEADERS

Jackson's Board Corps program supports employees in their career development by helping them learn the responsibilities of board service through three interactive and meaningful sessions covering legal

responsibilities, governance, strategic planning, financial management, human resources, and fundraising. Since 2017, forty-seven PPM and Chicago-based Jackson employees have graduated from the Board Corps program and put their training into action by serving on nonprofit boards and becoming leaders in their community.

MENTORING STUDENTS

In 2024, PPM and Jackson employees volunteered more than 200 hours through Working in the Schools (WITS) Mid-Day Mentoring program working with students in Chicago Public Schools to improve their reading abilities and to integrate their reading skills with comprehension and discussion. Over the last seven years, Jackson and PPM have collectively invested more than \$325,000 to WIT's impactful programming through sponsorships and associate match gifts. In addition, Craig Close, senior vice president and head of portfolio services, continues to serve on the WITS Board of Directors.

SUPPORTING FAMILIES

This year, PPM and Jackson associates volunteered more than 330 hours to make lunch or dinner for the families staying at Ronald McDonald House Charities Chicagoland & Northwest Indiana (RMHCCNI). Further, Jackson deepened its financial investment with a \$100,000 donation to support the RMHCCNI Kitchen Remodel. This renovation from the current residential-style kitchen, predominately utilized by volunteer groups twice a day, into an industrial-style kitchen will allow RMHCCNI to efficiently scale and serve more than 200 families daily. In addition, Jake Weimer, corporate credit research analyst, serves on the RMHCCNI young professional's board.



Our Firm

PPM is a US-based institutional asset manager with \$74.42 billion in assets under management as of 31 December 2024.¹⁰ Established in Chicago in 1990, PPM exists to consistently support institutional clients in achieving their long-term value goals. We offer our Midwestern mentality of hard work, straight talk, full transparency, and humility.

Our success is supported by a team-based culture that encourages debate, collaboration and consistency. At the center of our belief is the fact that our best ideas to date have and can come from any team member anywhere in our firm. We believe the success of our investment culture is best demonstrated by the strong retention of our clients and investment professionals.

¹⁰ AUM includes committed but unfunded capital for PPM's private equity and commercial real estate businesses. AUM includes both securities issued by PPM CLO vehicles held by PPM separately managed account clients and the underlying collateral assets of the CLO vehicles managed by PPM.

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This document may include simplified presentations of complex processes and are provided for illustrative purposes only. PPM's actual activities and processes may differ from what is shown herein. No assurance can be given that such processes will be applied at any given time and are subject to change without notice.

There can be no assurance that any particular individual will be involved in the management of any portfolio for any period of time, if at all. Furthermore there can be no assurance that any PPM professionals presented herein will remain with PPM or that past experience or performance of such professionals serves as an indicator of his or her performance.