



Environmental, Social, and Corporate Governance (“ESG”) Policy, *Abridged* **Octagon Credit Investors, LLC (“Octagon” or the “Firm”)**

Policy Date: December 2020, updated January 2022, July 2022, January 2023, January 2024

Octagon’s ESG policy outlines Octagon’s collaborative and integrative approach to: i) achieving our objective of investing responsibly on behalf of our Clients; ii) engaging with the broader investment community, and the issuers of securities managed on behalf of our Clients; iii) adhering to effective governance practices and structures designed to provide oversight and review; and, iv) communicating these efforts to the investment community and our investors.

As an investment adviser to its Clients, Octagon strives to meet fiduciary obligations as it performs its investment advisory work. This policy is intended to apply to all asset types under management; however, please note that certain legacy investments and add-on investments, and assets in which Octagon intends to only hold a position for a short period of time (i.e., trading book opportunities) as well as cash and cash equivalents (money market instruments, commercial paper, US Treasury bills/notes/bonds, bank deposits, etc.) have not necessarily been subject to full diligence and ESG investment processes as described herein.

Octagon has not initiated strategies or funds that are intended to be “ESG Compliant” or are otherwise designed or managed to promote ESG and/or sustainability objectives. At the request of certain Clients, Octagon has implemented restrictions to meet the Clients’ ESG-related requirements.

While certain Funds or Accounts adhere to specific ESG-related restrictions, Octagon does not market any Funds or Accounts or represent its general advisory services (including but not limited to management of U.S. and Cayman-domiciled Clients) as “ESG Compliant,” “Green,” or meeting any particular ESG-related regulatory standards. Certain legacy and new investments are not subject to a formal ESG review process. Accordingly, portfolios managed by Octagon hold positions that have not been subject to any ESG-focused evaluation.

Governance

Oversight and Governance of Octagon’s ESG policy, as well as its implementation, are the responsibility of senior management, including Octagon’s Chief Executive Officer, who is ultimately accountable to Octagon’s Board of Managers (the “Board”).

Octagon established an Environmental, Social, and Governance Committee (the “ESG Committee”) to oversee the implementation of the Firm’s ESG policy and to evaluate its progress with respect to responsible investment, corporate governance, sustainability, and other ESG-related matters (“ESG Matters”). The ESG Committee supports Octagon’s commitment to ESG Matters by providing oversight, guidance and perspective to Octagon personnel and the Board regarding the Firm’s initiatives, processes, policies, and disclosures. The ESG Committee is co-chaired by Sean Gleason (Portfolio Manager and Investment Committee member) and Erin Crawford (Managing Director, Investor Relations).

Octagon’s Portfolio Managers (with assistance from the Compliance Team and Accounting Team), are responsible for oversight of, and compliance with, investor investment guidelines. Where conflicts arise between Octagon’s ESG policy and a Client’s stated investment policy or objectives, Octagon will engage with the Client(s) to reconcile those conflicts within the regulatory and business framework while fulfilling the Firm’s fiduciary duty to its Clients.



Octagon’s Chief Compliance Officer assesses the adequacy of this policy and, together with the ESG Committee, reviews the Firm’s adherence to the procedures outlined herein, periodically.

Investment Process

Octagon does not typically negatively screen investment opportunities; however, the Firm currently adheres to specific exclusion criteria for certain funds, and for certain separate accounts at the request of the underlying investor. Additionally, the Investment Committee may exercise discretion to restrict investments from time to time due to investment risk factors, including ESG-related risks, based on the Investment Committee’s current risk assessment on a particular sector, company, region, etc.

Loan and Bond Investments in Corporate Borrowers/Issuers

The Investment Team subscribes to ESG research and ratings reports published by major ratings agencies (Moody’s and Fitch). Octagon does not assign an ESG rating to issuers, though Moody’s Credit Impact Scores¹ are assessed (as available) as part of the diligence process and reflected in credit memoranda (where applicable) for new loan and bond issuers. Octagon’s Investment Team may utilize various information sources to evaluate ESG considerations as part of their credit diligence and shall document their research as described below. Key sources of information include, but are not limited to, regulatory agency policies, third party experts, diligence calls, sell-side research, litigation filings, public SEC filings, and exchanges with company management as part of Octagon’s credit diligence (pre-investment) and monitoring process (post-investment).

The IFRS® Foundation and the Incorporation of SASB Standards

In October 2021, Octagon contracted with the Value Reporting Foundation to license and use the Sustainability Accounting Standards Board (“SASB”) Disclosure Topics to help standardize the diligence process when evaluating ESG considerations for issuers across different industries and sectors.² The SASB Standards (the “Standards”) provide industry-based disclosure topics to help understand sustainability risks and opportunities by identifying financially material (i.e., reasonably likely to affect the financial performance of a typical company in an industry) sustainability information across various industries and sectors. Octagon’s use of SASB’s disclosure framework and incorporation of the Standards in the investment process helps standardize the Investment Team’s credit due diligence process while supporting Octagon’s ESG integration approach. Octagon has incorporated the SASB Standards and use of SASB’s Materiality Map tool, (which provides an assessment of industry-level material ESG risks), into the investment process. For more information about the IFRS® Foundation and the SASB Standards, please refer to <https://www.ifrs.org/> and <https://www.sasb.org/standards/>.

The ESG Integrated Disclosure Project (“ESG IDP”)

The ESG IDP is an industry initiative to improve transparency and accountability in private credit and syndicated loan markets. Octagon supports the ESG IDP’s goal to promote greater harmonization and consistency of

¹ Prior to the discontinuation of S&P ESG Credit Indicators in August 2023, S&P ESG Credit Indicators were assessed by the Investment Team as part of the diligence process and reflected in credit memoranda (where applicable) for new loan and bond issuers as of April 2022.

² Effective August 1, 2022, the Value Reporting Foundation consolidated with the International Financial Reporting Standards Foundation (the “IFRS® Foundation”) to form the International Sustainability Standards Board (the “ISSB”). As of August 1, 2022, the SASB Standards became materials of the IFRS® Foundation. The IFRS® Foundation is a not-for profit international organization which seeks to develop a single set of high-quality global accounting and sustainability disclosure standards.



disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions. Octagon has incorporated the use of the ESG IDP Template, to the extent it is completed by borrowers/issuers as part of its investment due diligence process, as further described herein. The ESG IDP Template includes a set of general questions applicable to any company in any industry, as well as industry-specific questions based on SASB Standards per the SASB SICs®. For more information about the ESG IDP, please refer to <https://www.esgidp.org/>.

As part of the credit diligence process for a new investment in a corporate borrower, Octagon's Investment Research Professionals will leverage the SASB Standards and ESG IDP Template (if completed by the borrower), and also conduct independent research to assess environmental, social, and governance considerations/risk factors relevant to the borrower's industry (as applicable and where relevant) including (but not limited to):

- *Environmental*: GhG emissions, emissions reduction target(s), carbon footprint, climate-related risks (physical climate hazards, carbon pricing), renewable energy consumption, waste and hazardous materials management, emissions to water, and other ecological impacts/considerations that may be sector-specific or company-specific.
- *Social*: human rights and community relations considerations (i.e., socioeconomic community impacts, community engagement, environmental justice, cultivation of local workforces, impact on local businesses, license to operate, and environmental/social impact), labor practices (i.e., ensuring basic human rights related to child labor, forced or bonded labor, exploitative labor, fair wages and overtime pay, and other basic workers' rights), and employee health and safety considerations.
- *Governance*: internal controls, history of sponsor actions, key person risk, board composition and compensation, executive behavior and compensation, corporate diversity, the borrower's bribery & corruption controls, among other corporate governance factors that may be sector-specific or company-specific.

Investment Process Guidelines

For ordinary course investments presented by Investment Team members³, the following procedures apply:

1. *New Primary Market Transactions*
 - a. When evaluating a new loan and bond investment opportunity in a corporate borrower/issuer, Investment Team members monitor ESG factors within their investment universe and utilize numerous information sources to monitor credit risk and material ESG factors. Octagon's Investment Team members subscribe to ESG research and ratings reports published by major ratings agencies (S&P, Moody's, Fitch), though, at present, Octagon does not assign an ESG grade/rating to issuers for potential investment. In addition, effective January 2023, Investment Team members review, to the extent posted by the borrower/issuer, a completed ESG IDP Template⁴ (or a substantively similar ESG/Sustainability disclosure document such as the LSTA

³ At present, short-term trading opportunities sourced by Octagon's Head of Trading and Capital Markets and subject to short-term trading provisions as per Octagon's Portfolio Management and Trading Policy are not necessarily subject to the ESG Investment Process Guidelines herein.

⁴ Prior to the adoption of the ESG IDP Template in January 2023, effective December 2020, as part of its investment due diligence process, Octagon's Investment Team members were required to review (to the extent posted by the borrower/issuer) the Loan Syndications and Trading Association ("LSTA") ESG Diligence Questionnaire for Borrowers. The LSTA ESG



ESG Diligence Questionnaire for Borrowers) intended to enhance transparency and consistency by providing a standard format for ESG-related disclosures.

- b. Investment Team members are required to use the SASB Standards and Materiality Mapping tool (“Materiality Map”), which contains 26 General Industry Classification (“GIC”) categories related to Environment, Social, Governance, and Cross-Cutting issues across various sectors and industries as part of the investment due diligence process (pre-investment phase). Investment Team members identify the appropriate SASB SICs for each new borrower, and use the Materiality Map to identify the relevant ESG disclosure topics and associated disclosure topic descriptions. The identified key material ESG factors are then evaluated and reflected in the ESG section in written credit memoranda (i.e., deal sheets), to be raised for further discussion when presenting an investment recommendation to the Investment Committee.

In certain instances, and at the Investment Committee’s discretion, the Investment Committee and relevant Investment Team members may deem their collective understanding of a borrower’s credit issues (including material ESG issues) and performance sufficient to warrant approval of the asset further to the review of a shorter “One Pager” (i.e., a document that includes relevant financial updates with respect to credits/borrowers under the Investment Team’s purview) instead of a full deal sheet. The “One Pager” must be circulated, approved, or rejected, and the record maintained in the same manner as a deal sheet; however, a dedicated ESG section is not required on a “One Pager”. In such instances when a “One Pager” is used versus a deal sheet, material ESG updates are flagged to the Investment Committee as part of the credit discussion, with documentation of ESG considerations maintained within the Investment Team member’s OneNote credit files.

- c. If Octagon ultimately participates in the transaction, and the borrower/issuer has not already completed the ESG IDP Template (or a substantively similar ESG disclosure document), the Investment Team should request this document from the transaction agent or arranger; however, it bears noting that since there is no mandatory obligation for a borrower to complete an ESG IDP Template, in certain instances, the Investment Team may not be provided the information requested by the borrower. Additionally, Octagon acknowledges that information provided by public companies versus private companies is likely to vary given mandated reporting obligations.

2. *Secondary Market Opportunities*

- a. *Secondary Market Purchases of Existing Portfolio Companies:* To the extent that Investment Team members consider purchasing instruments offered by borrowers/issuers in which Octagon accounts have existing exposure, they should ensure that there have been no recent significant ESG-related developments. Significant ESG-related developments should be presented to the Investment Committee.
- b. *De Novo Secondary Market Purchases:* To the extent that Investment Team members consider purchasing loan and bond instruments offered by borrowers/issuers in which Octagon accounts do not have existing exposure, they should use the SASB Standards and Materiality Mapping tool to

Diligence Questionnaire for Borrowers was phased out at the end of 2022 and replaced with the adoption of the ESG IDP Template in January 2023.



identify the relevant ESG disclosure topics and associated disclosure topic descriptions while noting financially material factors for the relevant industry/sector, in the ESG section of the deal sheet and otherwise follow the steps previously outlined herein.

3. *Ongoing ESG Monitoring* Investment Team members continuously monitor ESG factors within their issuer universe, and proactively alert the Investment Committee to any significant ESG-related developments or concerns for further scrutiny. Principals/Vice Presidents are required to record, update, and maintain documentation in their credit files and via OneNote that reflect significant ESG considerations for issuers. The Investment Committee may recommend certain actions in response to ESG developments, such as requesting additional disclosure from a borrower/issuer. Investment Team members, along with the Investment Committee will, from time to time, have ad hoc discussions on specific ESG merits of a credit.

Structured Credit Investments (CLO Debt and Equity Tranches)

As it relates to structured credit investments, Octagon may purchase, on behalf of its Clients, CLO debt and equity tranches in Collateralized Loan Obligations (“CLOs”) managed by third-party investment managers (the “CLO Managers”). On an annual basis (as well as on an ad hoc basis, as necessary), Octagon’s CLO Investment Team will request from these investment managers a copy of their ESG policies, procedures, and/or other similar document(s) (e.g., the LSTA’s ESG Diligence Questionnaire for Asset Managers) (the “ESG Diligence Materials”) as part of their diligence efforts when evaluating external collateral managers. Octagon is not prohibited from investing in CLO debt or equity of manager who has not responded to Octagon’s request, and Octagon does not represent that a CLO manager will be excluded from approval based on their responses.

Investment Process Guidelines

The CLO Investment Team assesses each CLO Manager’s approach to ESG as part of the CLO Manager’s investment process by reviewing and analyzing the ESG Diligence Materials as part of the CLO Investment Team’s pre-investment and monitoring (post-investment) process.

The CLO Investment Team’s process for regularly identifying and incorporating ESG factors into its investment decisions includes:

1. *CLO Manager-level considerations*: The CLO Investment Team includes a summary of CLO Manager ESG considerations on deal sheets for primary and secondary investment opportunities, including but not limited to:
 - Whether the CLO Manager has completed the LSTA ESG Questionnaire for Asset Managers (expected to be phased out in early 2024, with the adoption of the Responsible Investment DDQ for Private Debt Investors)
 - Whether the CLO Manager has a formal ESG/RI Policy
 - Whether the CLO Manager is a PRI Signatory
 - Whether the CLO Manager has an ESG/RI Committee or dedicated ESG/RI resources
 - Whether the CLO Manager has an internal ESG rating system



2. *CLO deal-level considerations*: The CLO Investment Team includes deal-level ESG investment restrictions, predominantly ESG Exclusionary Criteria, on each primary and secondary deal sheet.
3. *Ongoing ESG Monitoring* As part of the quarterly Portfolio Review process, the CLO Investment Team assesses CLO Manager-level considerations for all existing investments at the time of the Portfolio Review. On at least an annual basis, the CLO Investment Team will meet to discuss ESG-related developments and alignment with the Firm's ESG initiatives.

Internal Firm Efforts

As a firm, Octagon is committed to promoting RI/ESG and socially responsible behavior across the organization, providing adequate employee training to reinforce best practices, and actively soliciting feedback from personnel and its affiliates in an ongoing effort to improve the Firm's existing framework. Octagon seeks to incorporate effective ESG practices into its own operations and is committed to promoting a culture that demands ethical conduct and compliance with the law.

Octagon is committed to building a diverse and inclusive culture that provides a range of perspectives and experiences. As an affiliate of Conning Holdings Limited ("CHL")⁵, Octagon has affirmed its commitment to CHL's diversity, equity, and inclusion initiatives. The CHL Global Diversity, Equity and Inclusion Council promotes the diverse representation of our workforce and leads actions to make Octagon a more inclusive and equitable workplace by providing strategic direction and recommendations to senior management with respect to ongoing DEI efforts. Octagon personnel are represented on the DEI Council.

Engagement, Stewardship, and Collaborative Efforts

Octagon strives to contribute to the broad improvement of RI practices by working with its investors in support of their own ESG-driven initiatives and reporting requirements, engaging with management teams to enhance the Firm's ability to analyze ESG risks and opportunities presented by the issuers in which Octagon invests, encouraging such issuers to improve their ESG risk management, be more transparent, and develop more sustainable business practices, and actively participating in industry-wide efforts to promote ESG and RI across the loan market. Octagon believes good stewardship, founded upon a sound governance and risk framework, and supported by active Issuer (corporate borrower as well as third-party CLO managers, as applicable) engagement and in some instances policymaker engagement, is key to delivering on those responsibilities.

Octagon recognizes the industry momentum around institutionalizing ESG guidelines and seeks to engage with other firms on ESG matters. Octagon endeavors to contribute to and support industry-wide efforts to promote transparency in the loan and CLO markets. Octagon has been a signatory to the Principles for Responsible Investment ("PRI") since 2020 and is committed to the PRI's six principles (where consistent with the Firm's fiduciary responsibilities), which include seeking appropriate disclosures on ESG issues by the companies in which we invest.

Octagon is a member of the PRI's Global Policy Reference Group ("GPRG"), which seeks to strengthen public policy engagement on RI topics and encourage alignment between RI commitments and public policy efforts.

⁵ Conning, Inc., Octagon Credit Investors, LLC, Global Evolution Holding ApS and its group of companies ("Global Evolution"), Goodwin Capital Advisers, Inc., Pearlmark Real Estate, LLC, Conning Investment Products, Inc., Conning Asset Management Limited, and Conning Asia Pacific Limited are all direct or indirect subsidiaries of Conning Holdings Limited (collectively, "Conning") which is one of the family of companies owned by Cathay Financial Holding Co., Ltd., a Taiwan-based company.



Additionally, members of Octagon’s ESG Committee participate in the LSTA ESG Committee’s regular meetings, dialogues/exchanges concerning ESG factors, and efforts to develop standardized ESG disclosure questionnaires for borrowers and asset managers.

For additional information about Octagon’s approach to Engagement and Stewardship, please refer to Octagon’s Stewardship and Engagement Policy, available on Octagon’s website: <https://www.octagoncredit.com/about-us/esg-integration>

Octagon’s ESG Committee collaborates with our affiliates⁵ on certain ESG matters, participating in committees and working groups as formed from time to time. Octagon and its affiliates participate in various initiatives to share knowledge, best practices, and key ESG-related developments across the enterprise organization. Octagon employees are members of the CHL Sustainability Leadership Group (“SLG”). In support of ongoing ESG and climate risk-related initiatives, the SLG was formed in September 2021 to deliver “top-down” consistency, governance and leadership across issues relating to sustainability efforts across CHL operations (including Octagon and other Conning affiliates). The SLG’s objective is to lead a more proactive approach to furthering these efforts as the enterprise organization strives to create a more sustainable business. The SLG is directly accountable to the CHL Operating Committee.

Transparency, External Communication, and Reporting

Octagon is committed to the PRI’s annual reporting and assessment framework. The Firm views the PRI reporting framework as a key mechanism for both internal and public examination and communication, and intends to use the PRI reporting framework as a mechanism to both measure the Firm’s progress across relevant areas and communicate such progress to its investors and peers.

Octagon does not currently provide investors with regular ESG reporting; however, at an investor or prospective investor’s request, Octagon’s Investor Relations Team can provide a copy of the Firm’s ESG policy in its entirety. Any ESG-related requests from prospective investors, investors or related parties, or other external parties (e.g., DDQs, RFPs, etc.) will be processed through Octagon’s Investor Relations Team and Compliance Team.