Octagon Credit Investors, LLC ("Octagon") • Stewardship and Engagement Policy

Policy Date: December 2022, updated January 2024, September 2024

As an investment advisor to its clients, Octagon strives to meet fiduciary obligations as it performs its investment advisory work. Octagon's fiduciary responsibilities require us to act in the best interest of our clients and protect and enhance the economic value of investments we manage on their behalf. We believe 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 integrates ESG factors into its investment policies and processes as well as its business practices, including engagement with Issuers and with policymakers (either directly or indirectly), as applicable to Octagon's business.

Engagement, Stewardship Tools and Approach to Collaboration

Engagements with corporate borrowers, third-party CLO managers, third-party organizations and/or policymakers (either directly or indirectly) are undertaken to seek influence (or identify the need to influence) ESG practices and/or improve ESG disclosure. Octagon recognizes the impact of ESG factors on business performance; as a signatory of the Principles for Responsible Investment (PRI) we seek to uphold our commitment to the PRI principles, which include seeking appropriate disclosures on ESG issues by the companies in which we invest. Octagon sees value in supporting the objective to enhance transparency on material ESG matters and seeks to engage with stakeholders, as applicable, to facilitate the standardization and dissemination of reliable ESG-related information to lenders.

As primarily a credit investment manager, Octagon believes direct engagement with Issuers can be effective. However, Octagon also recognizes the industry momentum and institutionalizing Responsible Investment ("RI") guidelines and seeks to collaborate with other firms, the LSTA, and the PRI in an effort to strengthen public policy engagement on RI topics and encourage alignment between RI commitments and public policy efforts, when in the best interest of its clients.

Corporate Borrowers

The majority of corporate borrowers in the below investment grade corporate credit market are private companies, which can pose challenges as it relates to the availability and transparency of ESG data from private borrowers. By engaging with corporate borrowers, we improve our understanding of the issues and ESG risks they face, their approaches to managing them, and encourage communication for greater transparency.

Octagon engages with corporate borrowers on issues affecting the long-term sustainability of the borrower's business wherever possible. Issues may include, but are not limited to, business strategy, economic performance, operations, internal controls, risk management, capital structure, governance, environmental, and social responsibility.

Direct engagement with corporate borrowers is the responsibility of Octagon's Investment Research Professionals and is an element of their credit diligence and analysis for most new loan and bond purchases. ESG-related topics/areas of prioritization when engaging with management teams will vary by sector and borrower. Octagon does not currently track or quantify the effectiveness of any such engagement effort(s).

The scope of the Investment Research Professional's engagement varies, but typically involves one or more of the following:

- Direct meetings with Issuer representatives, advisers, and stakeholders
- Written, telephonic and video communication with Issuer representatives, advisers, and stakeholders
- Collaborative engagement with other members of the investment community
- Exchanges with corporate borrower management occur as part of the initial syndication /
- Octagon's credit diligence process (pre-investment) and ongoing monitoring process (post-investment).

Engagement Example 1 – Direct and Collaborative

As a member of the Loan Syndication and Trading Association's (the "LSTA") ESG Committee, Octagon contributed to the development of and supports the use of the LSTA's ESG Diligence Questionnaire for Borrowers, which was phased out at the end of 2022 with the adoption of the ESG Integrated Disclosure ("ESG IDP") Template. The Firm's Investment Research Professionals seek to promote completion of the ESG IDP Template by borrowers in our marketplace.

Engagement Example 2 – Collaborative

In September 2022, Octagon supported a Principles for Responsible Investment ("PRI")-coordinated statement on ESG in credit risk and ratings for supporters who share a common vision to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness.

Prioritization of ESG factors depends on the type of corporate borrower. For example, environmental factors would be a primary focus for manufacturing industries with high historical levels of emissions, either through production or end use of products, while governance is a greater focus for financial service companies.

Third-Party CLO Managers

Octagon's CLO Investment Team requests the LSTA ESG Diligence Questionnaire for Asset Managers annually to use as part of their diligence efforts when evaluating external collateral managers.

Engagement Example 1 – Collaborative

As a member of the Loan Syndication and Trading Association's (the "LSTA") ESG Committee, Octagon contributed to the development of and supports the use of the LSTA's ESG Diligence Questionnaire for Asset Managers[1], designed to solicit reliable ESG information about third-party CLO managers as part of the investment due diligence process.

Engagement Example 2 – Collaborative

As a member of the LSTA's ESG Committee, Octagon reviewed and opined on the proposal to retire the LSTA ESG Diligence Questionnaire for Asset Managers in favor of adopting the Responsible Investment DDQ for Private Debt Investors in consideration of broader harmonization and transparency objectives supported by the PRI, LSTA, and other industry organizations.

[1] The LSTA plans to phase out the use of the LSTA ESG Diligence Questionnaire for Asset Managers in 2024 in support of adopting the Responsible Investment DDQ for Private Debt Investors, with the expectation that the completeness of responses will vary depending on the manager's investment focus, size, etc.

Approach to Engaging with Policymakers

Octagon's primary approach to engaging with policymakers is through indirect engagement as members of third-party organizations, such as the LSTA and PRI, that engage directly with policymakers. Additionally, Octagon engages with third-party consultancies (e.g., healthcare policy and government policy consultants) on issues of key industry and credit considerations, some of which are ESG-related items, as part of Octagon's investment due diligence process. To the extent relevant to its business and in the best interest of its clients, Octagon participates in "sign-on" letters/statements and also responds to policy consultations on ESG policy topics.

Examples of previous engagement efforts include but are not limited to:

- **June 2021**: In response to the SEC's Request for comment on climate change disclosure, Octagon supported a sign-on statement with the PRI and other signatories supporting standardized, mandatory disclosure of material climate and environmental, social and governance (ESG) information to fulfill our fiduciary obligation to fully consider material information in the investment due diligence process and make informed investment decisions for long-term value creation. Octagon submitted a quote for the PRI to use and include as part of its comment letter to the SEC.
- **July 2022**: Octagon supported a PRI-led sign-on statement that seeks to support stronger alignment of regulatory and standard setting efforts around sustainability disclosure.
- **June 2023**: Octagon supported a PRI-led sign on statement calling on the European Commission to uphold the ambition and integrity of the first set of the European Sustainability Reporting Standards ("ESRS").

To stay abreast of policy issues relevant to Octagon's business, Octagon representatives subscribe to the PRI's Policy Newsletter and report back to Octagon's ESG Committee. Additionally, an Octagon representative is a member of the PRI's Global Policy Reference Group (the "GPRG") and a part of the PRI's collaboration platform in an effort to provide feedback on industry policy issues and participate in engagement efforts.

Given the nature of Octagon's business, it is unlikely that we will engage directly with policymakers and believe indirect, collaborate efforts are effective. Given that the SEC and many states have enacted very strict "pay to play" laws that extend to individuals at registered investment advisory firms seeking commitments or currently managing assets of state and local pension plans, Octagon maintains a separate and comprehensive Political Contributions and Political Activities Policy.

Proxy Voting

Octagon is responsible for voting proxies in a manner consistent with each client's best interest (i.e., meaning the client's best economic interest over the long-term), which may vary among clients. Due to the nature of Octagon's business, it is very rare that Octagon will be asked to vote a shareholder proxy; however, when clients hold securities interests in either public or private companies and a shareholder vote takes place, Octagon shall vote in accordance with its Proxy Voting Policy. While ESG considerations are not a formal part of Octagon's proxy voting process, Investment Research Professionals are required to update Investment Committee members on material ESG developments for corporate borrowers, as applicable. Where Octagon casts a proxy vote or abstains from voting on behalf of a registered fund, Octagon will highlight in its records to which of the 14 categories (including environmental, social, and governance matters and other social justice matters) enumerated on Form N-PX a proxy vote applies. Octagon's Proxy voting Policy addresses procedures and policies related to Octagon's voting of proxies and participating in other corporate actions in a manner consistent with clients' best interest.

Climate

Analysis of corporate borrowers is strengthened by taking account of a corporate borrower's, or industry's exposure to physical risk from climate change, CO_2 emission intensity and the transition risks and opportunities presented by moving towards a low-carbon economy which may affect performance and valuations.

Octagon acknowledges climate risks among other traditional investment risks and its Investment Research Professionals assess the impacts of climate change and climate-related risk as part of their credit research and ongoing monitoring process (such impacts/risk and their materiality vary by industry sector), as appropriate. As such, Octagon integrates investments' exposures to climate risk qualitatively as part of its ESG analysis of corporate borrowers of the sustainability and/or valuation of most of its new loan and bond investments.

Escalation

Escalation strategies will be determined on a case-by-case basis; however, at this time Octagon does not have any restrictions on the escalation measures we use for stewardship and engagement. While no escalation strategies are prohibited, Octagon's ESG Committee oversight is required, and senior management approval may be required.

Mandatory Elements

To the extent applicable, adherence to the Stewardship and Engagement Policy applies across all asset classes, as described herein, noting that there are differences with respect to engagement with corporate borrowers and third-party CLO managers.

External Communications

Octagon is committed to the Principles for Responsible Investment framework of annual reporting and review. We view this as a key mechanism for both internal and public examination and communication. We use this as a mechanism to measure our progress across relevant areas. Octagon became a PRI Signatory in February 2020 and submitted its first publicly accessible Transparency Report in 2023.