



PUBLIC TRANSPARENCY REPORT

2023

CQS

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

CQS views Environmental, Social and Governance (“ESG”) factors as significant drivers influencing financing costs, risk assessment valuations and performance. The assessment, integration and engagement of ESG factors is integral to the responsible investment commitment across the CQS investment platform, both in public and privately held companies.

By embedding responsible investment into our investment process, we enhance our ability to identify value, investment opportunity and risk, and therefore to generate the best possible returns and outcomes for our clients.

As outlined in our 2022 UK Stewardship Code report, our three Firm-wide objectives are:

1. Engage: We engage with the companies in which our Funds invest to foster long-term meaningful change. We believe incorporating ESG criteria reduces risk and improves investment returns.
2. Decarbonise: We focus on data, disclosure, and collaboration to play our part in the transition to a low carbon economy. As a signatory to the Net Zero Asset Managers’ initiative, CQS committed to achieve net zero greenhouse gas emissions by 2050 or sooner.
3. Nurture: We deeply believe in our social responsibilities, both to our staff and to our communities. Our Diversity and Inclusion initiatives and corporate giving are focused on nurturing from the grassroots and supporting youth development.

Our investment view has always been that being active and selective (i.e. lending to the right businesses and not buying the market) should enable CQS to achieve strong risk-adjusted returns through income, potential capital gains and managing fundamental potential loss risks. Effective stewardship and responsible investment are therefore central to the CQS approach - responsibly allocating, managing, and overseeing our clients’ capital.

Portfolio Managers and Research Analysts are required to consider ESG risks and opportunities as part of their investment decision-making and fundamentally driven research approach, respectively. All portfolios managed by CQS follow the firm’s five-stage responsible investment integration process, outlined in the CQS Responsible Investment policy.

CQS is a signatory, member, participant or supporter of a number of industry bodies. The industry bodies and the respective commitments are:

- PRI: As a signatory, we commit to the six Principles for Responsible Investment.
- UK Stewardship Code: As a signatory, we apply the Code's Principles and submit annual reports to the Financial Reporting Council demonstrating this.
- Net Zero Asset Managers' initiative: As a signatory, we are committed to achieve net zero greenhouse gas emissions by 2050 or sooner.
- CDP (formerly Carbon Disclosure Project): As a signatory, we promote environmental disclosures and have access to current and historical CDP company scores and completed questionnaires.
- Institutional Investors Group on Climate Change (IIGCC): As an investor member, we are supported in managing climate risk and have access to collaborations with others.
- Climate Action 100+: As an investor participant, we engage with companies on the collective goal of halving greenhouse gas emissions by 2030 and delivering net zero greenhouse gas emissions by 2050.
- Task force on Climate-related Financial Disclosures (TCFD): As a public supporter, we commit to working toward implementing the TCFD recommendations and encouraging portfolio companies to do the same.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

During the reporting year to 31 December 2022, CQS continued to enhance our responsible investment integration. It is our ambition to continue to help investors achieve their goals across market cycles by selecting good quality credits and generating income. Many of our clients have identified climate as one of the responsible investment issues most material to their portfolios and therefore most relevant to our organisation.

In 2021, CQS conducted a climate audit of c.500 of our portfolio companies to understand their decarbonisation targets. This was to understand our current position before we formalised our commitment to achieve net zero greenhouse gas emissions by 2050 or sooner on 1 November 2021, when we became signatories to the Net Zero Asset Managers' initiative. The audit also enabled us to identify any risks and opportunities to engage with our holdings in the climate transition.

This climate audit data was uploaded to our Research Portal for all Research Analysts and Portfolio Managers to access as part of their investment decision-making process. During the reporting year, we increased our coverage of this climate data to 100% across the open-ended pooled funds classified as Article 8 under the Sustainable Finance Disclosure Regulation (“SFDR”) to understand the decarbonisation pathways of our portfolios.

Following our climate analysis, CQS committed to the following interim targets in November 2022 for our open-ended pooled funds classified as Article 8 under the SFDR:

- Portfolio Decarbonisation Reference Target: 50% reduction in scope 1 and 2 Weighted Average Carbon Intensity (“WACI”) by 2030 from a 31 December 2019 baseline (or such later date as specified in the relevant fund’s offering documentation).
- Engagement Threshold Target: 70% of financed emissions to be either net zero, net-zero aligned or subject to direct or collective engagement and stewardship actions by 2025.

CQS prioritises engagement over exclusion, engaging with portfolio companies to encourage target setting. In 2022, we launched the CQS Climate Targeted Engagement Programme which aims to engage with portfolio companies within the open-ended pooled funds classified as Article 8 under SFDR that do not currently disclose carbon emissions and/or do not have decarbonisation targets in place. The CQS Climate Targeted Engagement Programme is expected to last for two to three years and will increase in portfolio company coverage over time to encourage better disclosure and net-zero alignment across the covered portfolios, in line with our engagement threshold target.

In addition to analysis of climate data, CQS also developed Climate Value at Risk and Implied Temperature Rise scenario modelling. Quantitative scenario analysis helps inform CQS’ understanding of a portfolio’s climate risk and can assist in engagement discussions when encouraging companies to decarbonise.

Whilst climate is a key focus, CQS also considers a variety of other ESG factors and engages with portfolio companies where we identify opportunities for improvements. Over the reporting year, CQS conducted 335 engagements across a range of ESG topics, including collaboratively via industry initiatives.

CQS continued to actively seek collaborative engagements via the PRI, CDP and Climate Action 100+ platforms as we find this a time effective and impactful way to connect with our funds’ portfolio companies.

As a Firm, we place a high importance on training as an effective way to share knowledge and develop an integrated approach across the business. During the reporting period, for internal responsible investment training, we focused on the changes to the EU SFDR legislation and preparedness for publishing our interim decarbonisation targets. In addition, a number of CQS staff also had external ESG-related training such as the CFA Certificate in ESG Investing, the CFA UK Certificate in Climate and Investing, and the PRI Advanced Responsible Investment Analysis course.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

At a Firm level, we continually assess our approach to responsible investment, with learning and development guided by client expectations and evolving industry standards.

Some specific steps over the next couple of years include:

1. Engage: We plan to continue to expand our Targeted Engagement Programmes and enhance our systems to better capture and share engagement activity.

2. Decarbonise: In 2022, we set interim decarbonisation targets for the relevant CQS open-ended long only Funds which are classified as Article 8 under the European Union's Sustainable Finance Disclosure Regulation. These interim targets include a pledge for 70% of our financed emissions for the relevant funds to be either net zero, net zero aligned or subject to direct or collective engagement and stewardship actions within the next two years (by 2025).

3. Nurture: In 2022, we formalised a multi-year corporate giving programme and we plan to continue to support initiatives to promote diversity and inclusivity within CQS and the wider industry.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Soraya Chabarek

Position

Chief Executive Officer

Organisation's Name

CQS

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 15,500,000,000.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>0-10%	0%
(B) Fixed income	>50-75%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	>10-50%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity	0%
(B) Active – quantitative	0%
(C) Active – fundamental	>75%

(D) Other strategies 0%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA 0%

(D) Active – corporate >75%

(E) Securitised >0-10%

(F) Private debt 0%

ASSET BREAKDOWN: INTERNALLY MANAGED HEDGE FUND

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 HF	CORE	OO 5	OO 11	PUBLIC	Asset breakdown: Internally managed hedge fund	GENERAL

Provide a further breakdown of your internally managed hedge fund assets.

(A) Multi-strategy >50-75%

(B) Long/short equity 0%

(C) Long/short credit 0%

(D) Distressed, special situations and event-driven fundamental	0%
(E) Structured credit	>10-50%
(F) Global macro	0%
(G) Commodity trading advisor	0%
(H) Other strategies	0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity	(4) >20 to 30%
(C) Fixed income – corporate	(2) >0 to 10%
(D) Fixed income – securitised	(2) >0 to 10%
(I) Hedge funds	(2) >0 to 10%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(3) Fixed income - active	(8) Hedge funds
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5	OO 9	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation have direct investments in listed equity across your hedge fund strategies?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(3) Hedge funds
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

	Percentage of your listed equity holdings over which you have the discretion to vote
(A) Listed equity – active	(12) 100%
(C) Hedge funds	(12) 100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input checked="" type="radio"/>	<input type="radio"/>
(L) Hedge funds - Multi-strategy	<input checked="" type="radio"/>	<input type="radio"/>
(P) Hedge funds - Structured credit	<input checked="" type="radio"/>	<input type="radio"/>

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	0%
(E) Thematic and integration	>75%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Screening alone	0%	0%
(B) Thematic alone	0%	0%
(C) Integration alone	0%	0%
(D) Screening and integration	0%	0%
(E) Thematic and integration	0%	0%
(F) Screening and thematic	0%	0%
(G) All three approaches combined	>75%	>75%
(H) None	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Positive/best-in-class screening only	0%	0%
(B) Negative screening only	0%	0%
(C) A combination of screening approaches	>75%	>75%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>50-75%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

The percentage of AUM for ESG products shows Funds classified as Article 8 under the EU Sustainable Finance Disclosure Regulation.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

- (A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications
- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications**

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 17 FI	FI 15, FI 17	PUBLIC	Thematic bonds	1

What percentage of your total environmental and/or social thematic bonds are labelled by the issuers in accordance with industry-recognised standards?

Percentage of your total environmental and/or social thematic bonds labelled by the issuers

(A) Green or climate bonds	>50-75%
(B) Social bonds	0%
(C) Sustainability bonds	>0-10%
(D) Sustainability-linked bonds	>10-50%
(E) SDG or SDG-linked bonds	0%
(F) Other	0%
(G) Bonds not labelled by the issuer	0%

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(F) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(G) Fixed income – securitised	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(L) Hedge funds – Multi-strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(P) Hedge funds – Structured credit	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

Portfolio managers are required to consider (to an appropriate degree having regard to their investment strategy) ESG factors and potential sustainability / development outcomes as part of their investment decision making.

Factor guidelines with respect to ESG and sustainability considerations include:

- Environmental – climate change (including the material long-term risks and opportunities), water stress, biodiversity and land use, toxic emissions and waste, environment opportunities and other relevant sustainability risks or opportunities.
- Social – labour management, health and safety, privacy and data security, stakeholder opposition and social opportunities, diversity and relevant sustainability risks.
- Governance – corporate governance and corporate behaviour including sound management structures, employee relations, remuneration of staff, tax compliance, ethics, corruption, instability and diversity.

In line with certain fund and/or mandate commitments, should a company be flagged by our internal process as having a controversy linked to the Ten Principles of UN Global Compact, which include human rights, CQS portfolio managers (of the relevant funds and/or mandates) and research analysts are expected to understand this in further detail and take appropriate action, as further outlined within our Engagement Policy. In addition, our engagement programmes may target outcomes which specifically aim to deliver objectives CQS has mapped to UN Sustainable Development Goals, UN Global Compact Principles and the Paris Agreement.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

- (B) Guidelines on environmental factors

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(C) Guidelines on social factors

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(D) Guidelines on governance factors

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(E) Guidelines on sustainability outcomes

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(J) Guidelines on exclusions

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://www.cqs.com/documents/cqs-engagement-policy-july-2023.pdf>

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://www.cqs.com/documents/cqs-engagement-policy-july-2023.pdf>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://www.cqs.com/documents/regulatory-disclosures/cqs-shareholder-rights-and-stewardship-policy.pdf>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

As stated in the CQS Responsible Investment Policy: “CQS views Environmental, Social and Governance (“ESG”) factors as significant drivers influencing financing costs, risk assessment valuations and performance. By embedding responsible investment into our investment process, we enhance our ability to identify value, investment opportunity, risk and, critically, to generate the best possible returns and outcomes for our clients.”

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation’s policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme

Add link(s):

<https://www.cqs.com/documents/regulatory-disclosures/cqs-shareholder-rights-and-stewardship-policy.pdf>
<https://www.frc.org.uk/getattachment/fd8e64cd-a8c5-412e-9278-9b1034628799/CQS-Stewardship-Report-2020.pdf>

- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors (7) 100%
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change (1) for all of our AUM

(B) Specific guidelines on human rights (1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues (1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

(F) Hedge funds

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

● (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%

- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(C) Direct listed equity holdings in hedge fund portfolios

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Any significant Responsible Investment changes, issues, conflicts or commitments are escalated to the Senior Partner Group (comprising Founder, Executive Chairman and Senior Investment Officer; Chief Executive Officer; Chief Investment Officer of Credit; and Chief Investment Officer of ABS) and Operating Committee (chaired by the Chief Operating Officer), as appropriate, for formal oversight and accountability.

- (C) Investment committee, or equivalent

Specify:

The CQS Responsible Investment Governance Committee ("RIGC") has senior representation across the Firm, and governs and oversees the Responsible Investment, Engagement, and Shareholder Rights and Stewardship Policies, develops the Firm's responsible investment approach, processes, systems and reporting and monitors portfolios against their responsible investment commitments. The RIGC is accountable to the Senior Partner Group.

- (D) Head of department, or equivalent

Specify department:

Individual Portfolio Managers integrate responsible investing and stewardship into their respective strategies. Supporting them is the Head of Research and Research team, as well as the Responsible Investment Manager.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

- (A) Internal role(s)**
Specify:

Individual Portfolio Managers integrate responsible investing and stewardship into their respective strategies. The bottom-up research of individual issuers is conducted by a dedicated team of Research Analysts who support the portfolio management team across the Firm in both investment decision-making and subsequent stewardship activity. Supporting them is Responsible Investment Manager, who also works with other teams across the firm such as Legal and Compliance, Risk, and Distribution.

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

Proxy voting provider, ProxyEdge by Broadridge. Proxy voting decisions remain the responsibility of the relevant Portfolio Manager.

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation**
- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

CQS considers various non-financial criteria when making variable remuneration determinations including whether the individual's conduct demonstrates effective stewardship of client assets and relevant consideration of ESG factors and risks.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
 - (B) Yes, including all strategy-related recommended disclosures
 - (C) Yes, including all risk management-related recommended disclosures
 - (D) Yes, including all applicable metrics and targets-related recommended disclosures
 - (E) None of the above
- Add link(s):

<https://www.cqs.com/responsible-investing>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

<https://www.cqs.com/site-services/regulatory-disclosures>

(B) Disclosures against the European Union's Taxonomy

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

UK Stewardship Code

Link to example of public disclosures

<https://www.frc.org.uk/getattachment/fd8e64cd-a8c5-412e-9278-9b1034628799/CQS-Stewardship-Report-2020.pdf>

(E) Disclosures against other international standards, frameworks or regulations

(F) Disclosures against other international standards, frameworks or regulations

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://www.cqs.com/responsible-investing>

(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(6) Hedge funds
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

CQS prioritises investees for its stewardship efforts based on CQS' Engagement Framework, which is managed by our Engagement Group and outlined in the CQS Engagement Policy. CQS' four prioritised areas of engagement are sustainable business practices, managing climate risk and disclosure, good governance, and diversity. Engagement is conducted on an issuer-by-issuer basis as we seek to understand the ESG risk and opportunities associated with each borrower, and collaborate to support responsible practices and improved long-term outcomes. Our Engagement Framework is designed to guide our investment professionals on areas of engagement we feel are important, for example by providing examples of engagement topics on a sector and sub-sector basis. Our Engagement Group identifies priorities, sets engagement objectives and discusses / assimilates progress. This enables co-ordination across the platform and capital structure.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

We view collaborative engagement with wider stakeholders as an effective way to engender meaningful change in corporate conduct over the long term, incentivising the right behaviours. Alongside being a public supporter of TCFD, CQS is a signatory to a number of collaborative initiatives including CDP (formerly the Carbon Disclosure Project) and Climate Action 100+. Further details on CQS' approach to collaborative engagement, along with engagement examples, can be found in Principle 10 of CQS' UK Stewardship Code report.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff

Select from the list:

- 1
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

(D) Informal or unstructured collaborations with investors or other entities

Select from the list:

- 3
- 4
- 5

(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar

Select from the list:

- 2
- 4
- 5

(F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Engagement is stage four of CQS' firm-wide five-stage responsible investment integration process. Further details can be found in the CQS Responsible Investment policy.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Please see the CQS 2022 UK Stewardship Code report for further details.

<https://www.frc.org.uk/getattachment/fd8e64cd-a8c5-412e-9278-9b1034628799/CQS-Stewardship-Report-2020.pdf>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear
- (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes

Add link(s):

https://www.cqs.com/documents/regulatory-disclosures/voting-record_2.pdf

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) **Within one year of the AGM/EGM**
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(3) for a minority of votes	(3) for a minority of votes
(B) Yes, we privately communicated the rationale to the company		

(C) We did not publicly or privately communicate the rationale, or we did not track this information

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

○

○

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://www.frc.org.uk/getattachment/fd8e64cd-a8c5-412e-9278-9b1034628799/CQS-Stewardship-Report-2020.pdf>

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

	(1) Listed equity	(2) Direct listed equity holdings in hedge fund portfolios
(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input type="checkbox"/>	<input type="checkbox"/>
(F) Divesting	<input type="checkbox"/>	<input type="checkbox"/>
(G) Litigation	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other	<input type="checkbox"/>	<input type="checkbox"/>
(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups
- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers

Add link(s):

<https://www.frc.org.uk/getattachment/fd8e64cd-a8c5-412e-9278-9b1034628799/CQS-Stewardship-Report-2020.pdf>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Multi-year Targeted Engagement Programme focusing on governance, decarbonisation and diversity

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

A British convenience retailer and petrol forecourt operator is in our Targeted Engagement Programme and we have been engaging with them on a number of objectives since 2020, including decarbonisation. We have engaged via meetings, quarterly calls with their recently appointed Head of ESG, and e-mails.

In 2022, having made prior progress in other areas such as governance, board independence and diversity and ESG strategy, CQS focused on climate (encouraging the disclosure, and reduction, of carbon emissions) and diversity.

In October 2022, the company announced scope 1 and 2 decarbonisation targets of 50% reduction by 2030. While the scope 1 & 2 emission reduction targets are a step in the right direction and pleasing to see following a multi-year engagement, the firm's carbon footprint remains largely unchallenged as 70% of their emissions come from scope 3 emissions.

They have also recently established ESG-linked reward across the leadership structure in Europe, aligning all manager level and above colleagues to ESG objectives.

The company also confirmed that they are implementing a Diversity and Inclusion Plan in each market by 2024, are seeking at least 40% women in senior leadership positions by 2025 and have invested in training, as well as employee engagement.

Since the end of the reporting year, the company publicly announced a goal to set a decarbonisation target for scope 3 emissions, working with a third-party expert.

(B) Example 2:

Title of stewardship activity:

Engagement with banks to whom we provide regulatory capital relief to improve ESG integration within ABS

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In late 2021, we began to engage with the banks to whom we provide regulatory capital relief.

Initially, we sent them an ESG due diligence questionnaire covering:

- ESG policies and processes
- Participation in industry initiatives
- Governance
- Exclusions
- Engagement
- Diversity in recruitment, hiring, training, promotion and retention
- Net-zero alignment

We then also sent further climate questions which covered decarbonisation targets, third-party validation of targets and executive remuneration.

As of 31 December 2022, we received completed ESG questionnaires from 12 issuing banks. This information helps us to understand the approach to ESG of the lenders and any potential implications of this on the underlying collateral pools.

As part of our day-to-day responsible investment integration process, we regularly engage with the issuing banks, particularly prior to issuance, on ESG disclosures including ESG ratings and carbon emissions.

This has enabled us to develop ESG reporting for our Regulatory Capital Relief Funds including a weighted average ESG rating and portfolio WACI.

(C) Example 3:

Title of stewardship activity:

Collaborative engagement on water management via the PRI platform

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

As a signatory to the PRI, CQS regularly uses the collaborative engagement platform to seek engagement opportunities. Through this, we were able to join a collaborative engagement of European asset owners and asset managers with an Italian beverage manufacturer.

The aim of this engagement was to encourage better water management and related disclosures. We sought to gain clarity on how they manage water within their own operations and across their supply chains and understand their water management expertise. The group also encouraged them to pursue an external water assessment by CDP.

As a positive sign, they extensively addressed our letter at their AGM and outlined their progress within their operations. We then had a follow up call where they confirmed that they are completing the CDP climate change questionnaire this year and will disclose scope 3 emissions.

They also confirmed that they would seriously consider completing the CDP Water questionnaire next year and welcomed our feedback on water management improvements in the interim.

CQS also participated in this collaborative engagement again in 2023 to understand ongoing water management and climate risks within their supply chains and the environmental impact.

(D) Example 4:

Title of stewardship activity:

Progress on ESG disclosures following implementation of our escalation policy

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have been engaging with a US electronic payment provider, for the last couple of years on their lack of ESG policies, disclosures and targets, and disappointing diversity (particularly across senior management).

We struggled to get a response on multiple occasions so began a Targeted Engagement Programme with clear, established objectives including:

- Provide public disclosures on ESG and governance practices.
- Disclose diversity and inclusion metrics and plans (particularly across management and Board level).
- Encourage publication of TCFD-aligned climate disclosures and set decarbonisation targets, which are validated by the Science Based Targets initiative.

We then escalated the engagement to another contact, highlighting the importance of a response on our objectives. We received a response confirming that they would address our questions in their annual proxy statement.

It was pleasing to see the company include some ESG metrics and information on their ESG policies and processes in their annual proxy statement for the first time and commit to nominating an 'ethnically diverse candidate' to the Board at the next election in 2023.

However, we continued to push for more progress, particularly on environmental issues.

As part of CDP's Non-Disclosure campaign, we led on the collaborative engagement with the company on behalf of 30 investors representing \$5.7trn in assets under management, to encourage them to submit the climate questionnaire and provide climate disclosures. CQS also led on engagements with a further 17 companies as part of the campaign, co-signing letters to 63 companies in total, covering holdings across fixed income, equity and hedge funds.

They responded that they had not yet made a public commitment to a net zero emissions target and would continue to provide us with updates when available. However, they did add an ESG section to their website with details of their "sustainability framework".

As a result of the progress made with this engagement over the last couple of years, we upgraded our internal ESG outlook score to 'Positive' and continue to hold exposure in a number of funds across the Firm.

(E) Example 5:

Title of stewardship activity:

Engaging companies on improving policies and practices relating to workplace mental health

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

According to Deloitte's 2022 UK Mental Health report, poor mental health costs employers billions of pounds each year, and the cost has risen since the pandemic.

To tackle this, CQS are supporters of the Corporate Mental Health Benchmark by CCLA and associated corporate engagement.

CCLA have developed a framework providing recommendations to companies encouraging them to acknowledge and promote workplace mental health, set targets to improve workplace mental health and report on progress annually.

CQS was one of 29 founding signatories of the Global Investor Statement on Workplace Mental Health, representing \$7trn in assets under management.

The investor statement now has support from 44 signatories, representing \$8.5trn.

We have also co-signed letters to 100 UK companies and 100 global companies, which have received a positive response and led to improved mental health disclosures over the last six months of 2022.

Of the companies engaged with so far, 33 companies have stated an intention to use the recommendations to improve, and 10 companies have already taken steps to enhance mental health practices and disclosure. Examples include the introduction of a standalone mental health policy, the launch of new mental health benefits for employees and their families, and new and/or improved disclosures on training, awareness and uptake of initiatives.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

The typical maturity of our investments is around three years. Periods of this length and shorter are within our standard planning horizon.

Risks identified include Policy and Legal, Technology, Market, Reputation and Acute physical risk. Opportunities include Resource Efficiency, Energy Source and Products and Services.

(B) Yes, beyond our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

The typical maturity of our investments is around three years. Periods longer than this are beyond our standard planning horizon.

Risks identified include Policy and Legal, Technology, Market, Reputation, and Acute and Chronic physical risks. Opportunities include Resource Efficiency, Energy Source, Products and Services, Markets and Resilience.

(C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Climate-related risks and opportunities are considered as part of the investment decision-making within the firm's five-stage responsible investment integration process.

In November 2021, CQS became a signatory to the Net Zero Asset Managers initiative, formalising our commitment to achieve net zero greenhouse gas emissions by 2050 or sooner.

CQS also committed to the following interim targets in November 2022 for our open-ended pooled funds classified as Article 8 under the SFDR:

- Portfolio Decarbonisation Reference Target: 50% reduction in scope 1 and 2 Weighted Average Carbon Intensity ("WACI") by 2030 from a 31 December 2019 baseline (or such later date as specified in the relevant fund's offering documentation).
- Engagement Threshold Target: 70% of financed emissions to be either net zero, net-zero aligned or subject to direct or collective engagement and stewardship actions by 2025.

(B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario

(D) Yes, using other scenarios

Specify:

CQS uses MSCI ESG Manager to assist with climate value at risk analysis under different climate scenarios. Scenarios include a combination of i) a temperature increase of 1.5 degrees, 2 degrees or 3 degrees, ii) an approach to the transition of orderly or disorderly and iii) an average or aggressive consideration of the downside risks (aggressive exploring the most severe downside risks). These scenarios are based on NGFS (Network for Greening the Financial Sector), using the REMIND (Regional Model of Investment and Development) methodology.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

All portfolios managed by CQS follow the firm's five-stage responsible investment integration process, which incorporates climate risk analysis:

1. Incorporate - Third-party ESG metrics and data into CQS' systems. We collate proprietary climate data for portfolio companies on net-zero alignment, decarbonisation targets, Science-Based Targets initiative temperature alignment and whether climate targets are incorporated into executive remuneration.
2. Integrate - Internal analysis conducted by Research Analysts with independent and proprietary CQS ESG ratings and ESG Outlook ratings assigned. Climate is one of the ESG factors considered as part of this analysis.
3. Evaluate - Portfolio Managers consider ESG and credit analysis as part of their investment decision-making process. Where applicable, they will also consider the impact of the investment on portfolio climate metrics and climate commitments of the relevant fund.
4. Engage - Influence and change corporate behaviour regarding identified ESG risks and issues. We conduct Targeted Engagement Programmes, day-to-day engagement with management and collaborative engagements with other investors, including our clients. Climate is one of CQS' key engagement priorities.
5. Monitor - Undertake periodic research re-assessments. A watching brief across news wires, including RepRisk and Reorg, for developing ESG considerations and controversy monitoring. Portfolio Managers also monitor carbon metrics and decarbonisation targets of portfolio companies.

In addition, as highlighted in the Senior Leadership Statement, CQS also developed Climate Value at Risk and Implied Temperature Rise scenario modelling. Quantitative scenario analysis helps inform CQS' understanding of a portfolio's climate risk and can assist in engagement discussions when encouraging companies to decarbonise.

(2) Describe how this process is integrated into your overall risk management

Portfolio Managers and Research Analysts are required to consider climate risks and opportunities as part of their investment decision-making and fundamentally driven research approach.

Key climate metrics such as Weighted Average Carbon Intensity are reviewed for the relevant funds by the Responsible Investment Governance Committee on a quarterly basis.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Climate risk is managed by the monitoring of climate metrics including portfolio Weighted Average Carbon Intensity and percentage of companies with net-zero alignment or decarbonisation targets. In addition, there is the CQS Climate Targeted Engagement Programme which aims to engage with portfolio companies within the open-ended pooled funds classified as Article 8 under SFDR that do not currently disclose carbon emissions and/or do not have decarbonisation targets in place. This Targeted Engagement Programme is expected to last for two to three years and will increase in portfolio company coverage over time to encourage better disclosure and net-zero alignment across the covered portfolios, in line with our engagement threshold target.

(2) Describe how this process is integrated into your overall risk management

The Responsible Investment Governance Committee monitors the progress on a quarterly basis of the relevant funds against the interim targets, which include a decarbonisation target and an engagement threshold target (for net-zero alignment).

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price

(D) Total carbon emissions

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.cqs.com/responsible-investing>

(E) Weighted average carbon intensity

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.cqs.com/responsible-investing>

(F) Avoided emissions

(G) Implied Temperature Rise (ITR)

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.cqs.com/responsible-investing>

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.cqs.com/responsible-investing>

(I) Proportion of assets or other business activities aligned with climate-related opportunities

(J) Other metrics or variables

(K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.cqs.com/responsible-investing>

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.cqs.com/responsible-investing>

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.cqs.com/responsible-investing>

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
Specify:
The Ten Principles of the UN Global Compact
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries

(D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes

(E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments

(F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)

(G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right

(H) Other

FIXED INCOME (FI)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

	(2) Corporate	(3) Securitised
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons	(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion	○	○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors

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MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?

(2) Corporate

(3) Securitised

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(1) for all of our AUM

(B) Yes, we have a formal process, but does it not include scenario analyses

(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion

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(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets

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PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?

(2) Corporate

(3) Securitised

(A) We incorporate material environmental and social factors

(B) We incorporate material governance-related factors

(C) We do not incorporate material ESG factors for the majority of our fixed income investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?

	(2) Corporate	(3) Securitised
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	○	○
(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?

(2) Corporate

(A) We incorporate it into the forecast of financial metrics or other quantitative assessments	(1) for all of our AUM
(B) We make a qualitative assessment of how material ESG factors may evolve	(1) for all of our AUM

(C) We do not incorporate significant changes in material ESG factors

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

At what level do you incorporate material ESG factors into the risks and/or returns of your securitised products?

(A) At both key counterparties' and at the underlying collateral pool's levels

Explain: (Voluntary)

(B) At key counterparties' level only

(C) At the underlying collateral pool's level only

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?

(2) Corporate

(3) Securitised

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(1) for all of our AUM

(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(1) for all of our AUM

(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(1) for all of our AUM

(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways

(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(2) Corporate	(3) Securitised
(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations	(1) for all of our AUM	(1) for all of our AUM
(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits	(1) for all of our AUM	(1) for all of our AUM
(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors	(1) for all of our AUM	(1) for all of our AUM
(D) We use another method of incorporating material ESG factors into our portfolio's risk management process		
(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process	o	o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Corporate

(3) Securitised

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 15	PLUS	OO 20, OO 21	N/A	PUBLIC	Thematic bonds	3

What percentage of environmental, social and/or other labelled thematic bonds held by your organisation has been verified?

As a percentage of your total labelled bonds:

(A) Third-party assurance	(5) >75%
(B) Second-party opinion	(5) >75%
(C) Approved verifiers or external reviewers (e.g. via CBI or ICMA)	(5) >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 16	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Thematic bonds	1

What pre-determined criteria does your organisation use to identify which non-labelled thematic bonds to invest in?

- (A) The bond's use of proceeds
- (B) The issuers' targets
- (C) The issuers' progress towards achieving their targets
- (D) The issuer profile and how it contributes to their targets
- (E) We do not use pre-determined criteria to identify which non-labelled thematic bonds to invest in
- (F) **Not applicable; we do not invest in non-labelled thematic bonds**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 17	CORE	Multiple, see guidance	N/A	PUBLIC	Thematic bonds	1, 2, 6

During the reporting year, what action did you take in the majority of cases when you felt that the proceeds of a thematic bond were not allocated appropriately or in accordance with the terms of the bond deal or prospectus?

- (A) We engaged with the issuer
- (B) We alerted thematic bond certification agencies
- (C) We sold the security
- (D) We blacklisted the issuer
- (E) Other action

- (F) We did not take any specific actions when the proceeds of a thematic bond were not allocated according to the terms of the bond deal during the reporting year
- (G) Not applicable; in the majority of cases, the proceeds of thematic bonds were allocated according to the terms of the bond deal during the reporting year

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

HEDGE FUNDS (HF)

POLICY

INVESTMENT GUIDELINES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 1	CORE	OO 21	N/A	PUBLIC	Investment guidelines	1, 4, 6

What activities, practices and/or relationships are covered by your organisation's responsible investment policy(ies) for the majority of your hedge fund assets?

- (A) Our ESG requirements of prime brokers
- (B) Our ESG requirements for administrators and custodians
- (C) Our ESG requirements regarding (proxy) voting service providers (or other third-party providers), where applicable
- (D) How breaches in our responsible investment policy are communicated to clients
- (E) How ESG is incorporated into our long and/or short exposures
- (F) Whether sectors, issuers, equities and/or asset types are excluded from the portfolio due to ESG factors
- (G) How we engage with underlying investees, issuers or real assets
- (H) Our responsible investment policy(ies) does not specifically cover activities, practices and/or relationships for our hedge fund assets

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 2	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your hedge fund strategies?

(1) Multi-strategy

(5) Structured credit

(A) Yes, our investment process incorporates material governance factors

(B) Yes, our investment process incorporates material environmental and social factors

(C) Yes, our investment process incorporates material ESG factors into risk assessment and the risk profile of the underlying exposures

(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion



(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors



MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 3	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your hedge fund strategies?

(1) Multi-strategy

(5) Structured credit

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process but it does not include scenario analyses

(C) We do not have a formal process for our hedge fund strategies; our investment professionals monitor and review the implications of changing ESG trends at their discretion

(D) We do not monitor and review the implications of changing ESG trends on our hedge fund strategies

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your investment research incorporate material ESG risks and opportunities into the selection of listed companies or issuers of corporate debt?

(1) Multi-strategy

(5) Structured credit

(A) We incorporate material governance-related risks and opportunities that may affect the products and services delivered by listed companies or issuers of corporate debt

(B) We incorporate material environmental and social risks and opportunities that may affect the products and services delivered by listed companies or issuers of corporate debt

(C) We incorporate material environmental and social risks and opportunities that may arise from how listed companies or issuers of corporate debt undertake their operations

(D) We incorporate material environmental and social risks and opportunities linked to a listed company or issuer or corporate debt supply chain

(E) Other

(F) Our investment research does not incorporate material ESG risks and opportunities into the selection of listed companies or issuers of corporate debt



(G) Not applicable, our strategy does not invest directly in listed companies or issuers of corporate debt



ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

(1) Multi-strategy

(5) Structured credit

(A) Material ESG factors contribute to the selection of individual assets and financial instruments within our portfolio construction and/or benchmark selection process

(B) Material ESG factors contribute to the portfolio weighting of individual assets and financial instruments within our portfolio construction and/or benchmark selection process

(C) Material ESG factors contribute to the sector, country or regional weighting of assets and financial instruments within our portfolio construction and/or benchmark selection process

(D) Material ESG factors contribute to determining the construction of short positions

(E) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(F) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors



POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 8	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your hedge fund assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens
- (E) **Not applicable; we do not conduct negative exclusionary screening on our hedge fund assets**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
HF 9	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your hedge funds, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(1) Multi-strategy

(5) Structured credit

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual securities, issuers and financial instruments

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other securities, issuers and financial instruments exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their own discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

NZAM AUM commitment

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(B) Sustainability outcome #2

- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- NZAM portfolio emissions
- (4) Number of targets set for this outcome
- (1) No target
 - (2) One target**
 - (3) Two or more targets
- (C) Sustainability outcome #3
- (D) Sustainability outcome #4**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement**
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- NZAM climate engagement
- (4) Number of targets set for this outcome
- (1) No target
 - (2) One target**
 - (3) Two or more targets
- (E) Sustainability outcome #5
- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9

(J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	NZAM AUM commitment
(1) Target name	NZAM AUM commitment
(2) Baseline year	2021
(3) Target to be met by	2050
(4) Methodology	Net Zero Investment Framework (NZIF)
(5) Metric used (if relevant)	% of AUM managed in line with net zero
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	
(8) Target level or amount (if relevant)	100%
(9) Percentage of total AUM covered in your baseline year for target setting	
(10) Do you also have a longer-term target for this?	

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions
(2) Baseline year	2019
(3) Target to be met by	2030
(4) Methodology	Net Zero Investment Framework (NZIF)
(5) Metric used (if relevant)	tCO2e/Mn USD Sales
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	Credit Multi Asset Fund: 140 (baseline: 31 December 2019) Global Convertible Fund: 197 (baseline: 31 December 2019) Dynamic Credit Multi Asset Fund: 147 (baseline: 28 February 2021) Salar Fund: 428 (baseline: 31 January 2021)
(8) Target level or amount (if relevant)	-50% portfolio emissions in intensity terms
(9) Percentage of total AUM covered in your baseline year for target setting	53%
(10) Do you also have a longer-term target for this?	

(D1) Sustainability Outcome #4: Target details

(D1) Sustainability Outcome #4:	NZAM climate engagement
(1) Target name	NZAM climate engagement
(2) Baseline year	
(3) Target to be met by	2025

(4) Methodology	Net Zero Investment Framework (NZIF)	
(5) Metric used (if relevant)	% of financed emissions to be either net zero, net zero aligned or subject to direct or collective engagement and stewardship actions	
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based	
(7) Baseline level or amount (if relevant):		
(8) Target level or amount (if relevant)	70%	
(9) Percentage of total AUM covered in your baseline year for target setting	53%	
(10) Do you also have a longer-term target for this?		

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1: NZAM AUM commitment

Target name: Net Zero Asset Management

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: NZAM portfolio emissions

Target name: NZAM portfolio emissions

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(D1) Sustainability outcome #4:

(D1) Sustainability outcome #4: NZAM climate engagement

Target name: NZAM climate engagement

Does your organisation track progress against your nearest-term sustainability outcome targets?

(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	NZAM AUM commitment
(1) Target name	NZAM AUM commitment
(2) Target to be met by	2050
(3) Metric used (if relevant)	% of AUM managed in line with net zero
(4) Current level or amount (if relevant)	
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	We collate proprietary climate data regarding portfolio companies net-zero alignment and proactively engage with companies to increase our net-zero alignment via the CQS Climate Targeted Engagement Programme.

(B1) Sustainability Outcome #2: Target details

(B1) Sustainability Outcome #2:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions

(2) Target to be met by	2030
(3) Metric used (if relevant)	tCO2e/Mn USD Sales
(4) Current level or amount (if relevant)	As of 31 December 2022, the percentage change from the baseline of the Weighted Average Carbon Intensity was as follows: Credit Multi Asset Fund: -35.7% Global Convertible Fund: -40.6% Dynamic Credit Multi Asset Fund: -22.4% Salar Fund: -66.6%
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	The Weighted Average Carbon Intensity for the relevant funds is calculated on a daily basis and reported to the Responsible Investment Governance Committee for review on a quarterly basis.
(D1) Sustainability Outcome #4: Target details	
(D1) Sustainability Outcome #4:	NZAM climate engagement
(1) Target name	NZAM climate engagement
(2) Target to be met by	2025
(3) Metric used (if relevant)	% of financed emissions to be either net zero, net zero aligned or subject to direct or collective engagement and stewardship actions
(4) Current level or amount (if relevant)	As of 31 December 2022, the net-zero alignment of the relevant funds was as follows: Credit Multi Asset Fund: 35% Global Convertible Fund: 68% Dynamic Credit Multi Asset Fund: 45% Salar Fund: 79%

(5) Other qualitative or quantitative progress

In 2022, we launched the CQS Climate Targeted Engagement Programme which aims to engage with portfolio companies within the open-ended pooled funds classified as Article 8 under SFDR that do not currently disclose carbon emissions and/or do not have decarbonisation targets in place. This Targeted Engagement Programme is expected to last for two to three years and will increase in portfolio company coverage over time to encourage better disclosure and net-zero alignment across the covered portfolios, in line with our engagement threshold target.

(6) Methodology for tracking progress

Net-zero alignment is calculated on a daily basis, where data is available, and reported to the Responsible Investment Governance Committee for review on a quarterly basis.

We also record whether engagements have covered net zero in our research system. We are in the process of improving our reporting system to be able to track net-zero alignment and engagement on net zero in the same place.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
 - Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers
- (D) Stewardship: engagement with other key stakeholders
- (E) Capital allocation
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

- (A) We prioritise the most strategically important companies in our portfolio.
- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.**

Describe how you do this:

The CQS Climate Targeted Engagement Programme prioritises companies that do not currently disclose carbon emissions and/or do not have decarbonisation targets in place (including net zero targets), in order to meet our engagement threshold target.

Select from the list:

- 1**
- 3
- 4

- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

- (D) Other**

Describe:

Engagements are prioritised where we feel we can make a meaningful difference, or where material issues have been identified. Prioritisation of CQS' stewardship resources are based on a range of factors including the materiality of the issue and the nature and size of the holding.

Select from the list:

- 2**
- 3
- 4

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative	CDP Non-Disclosure Campaign
(2) Indicate how your organisation contributed to this collaborative initiative	(A) We were a lead investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>CQS supported the CDP's 2022 Non-Disclosure Campaign. Along with 262 other global financial institutions holding \$31trn in assets, we called on the world's highest impact companies to begin disclosing key environmental information on climate, water and forests.</p> <p>The campaign targeted 1,468 companies worldwide, including a number of CQS-managed Fund holdings.</p> <p>CQS co-signed letters to 63 companies and led on the engagements with 18 of these companies, directly engaging to encourage better environmental disclosures. Each engagement we led on represented at least 25 investors covering at least \$3.9trn in assets (the largest covering \$9.6trn in assets).</p> <p>390 companies in the campaign (27% of those engaged with across the initiative) made disclosures on key environmental issues including climate, water and forests.</p>

(B) Initiative #2

(1) Name of the initiative	CDP Science Based Targets Campaign
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	We supported CDP's 2022-23 Science-Based Targets Campaign which targeted 1,060 companies worldwide calling on them to urgently set science-based emission reduction targets in line with 1.5°C warming scenarios. The campaign was supported by 318 financial institutions and multinational firms, representing \$37trn in assets. 213 companies joined the Science-Based Targets initiative since the launch of the 2021-22 campaign.

(C) Initiative #3

(1) Name of the initiative	Climate Action 100+
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>As an investor participant, we engage with companies on the collective goal of halving greenhouse gas emissions by 2030 and delivering net zero greenhouse gas emissions by 2050.</p> <p>We began engaging with a US airline in 2020 and in early 2021, CQS joined a collaborative engagement through Climate Action 100+ to focus on getting an explicit commitment to a transition plan for achieving their stated goal of achieving net zero emissions by 2050.</p> <p>Our objectives included:</p> <ul style="list-style-type: none">- Setting interim decarbonisation targets aligned to the longer-term net zero commitment.- Seeking Science-Based Targets initiative verification of the interim targets.- Business strategy and capex alignment to achieving net zero (and any associated interim targets).

In 2022, the company became the first airline in the world with approved science-based targets. These included a 45% reduction in scope 1 emission intensity by 2035 (from a 2019 base year) and a 40% reduction in scope 2 emissions over the same timeframe.

Following this, we met with the Head of ESG at the company in September 2022 to discuss business strategy alignment to these goals (our third objective). The company provided updates on their sustainable aviation fuel investment, including hydrogen.

Rather than purchasing carbon offsets now, the company is investing additional capital in technology that helps them achieve their net zero goals over the longer term.

We have since encouraged the company to incorporate climate change KPIs into executive remuneration frameworks.

(D) Initiative #4

(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year

- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (D) Fixed income
Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (H) Hedge funds
Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

In 2022, CQS created the Responsible Investment Working Group to facilitate the consolidation of responsible investment and stewardship across the Firm. This group is comprised of senior staff across Technology, Risk, Research, Legal and Compliance, and Distribution who each lead relevant teams with responsibility for integrating responsible investment, and developing or enhancing processes, controls, data, and systems to monitor and report on stewardship activities, responsible investing commitments and relevant targets. By organising our resources in this way, we ensure a wide breadth of skills and experience in a range of functions needed to meaningfully support our stewardship efforts. The Chair of the Group undertook an independent audit of the responsible investment processes and practices in place. The findings were reported back to the Group and the Responsible Investment Governance Committee. In some cases, improvements were made to streamline processes and create efficiencies (examples can be found in our 2022 UK Stewardship Code report).

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
 - Sections of PRI report reviewed
 - (1) the entire report
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year