

Manulife | CQS Engagement Policy

As an investment manager, Manulife | CQS (“**Manulife | CQS**”) puts investment performance at the centre of our approach to managing client portfolio. As credit investors, we view environmental, social and governance (“**ESG**”) factors as potential credit risk drivers that may influence financing costs, risk assessment valuations and performance of the issuers in whom Manulife | CQS managed funds and/or mandates invest.

The assessment and integration of and engagement on ESG factors is an important part of the commitment across the Manulife | CQS investment platform to being effective stewards of our clients’ capital, both in public and privately held companies.

The extent to which the terms of, and the processes set out in, this policy apply to funds and/or mandates under Manulife | CQS’ management, may vary depending on the investment objectives/strategy of the relevant fund or mandate.

ESG matters are key factors in our decision-making for all Manulife | CQS-managed funds classified as Article 8 under the EU Sustainable Finance Disclosure Regulation (“**SFDR**”), as well as certain bespoke client mandates with similar commitments.

By embedding responsible investment into our bottom-up, fundamentally-drive investment process, we enhance our ability to identify risk, potential value and investment opportunity, and, critically, to generate the best possible returns and outcomes for our clients.

Engagement at Manulife | CQS

As credit investors, a key tenet of our investment process is engaging with issuers to guide our views on the probability of default and loss given default. We view engagement as a means by which to inform security selection and foster meaningful change in corporate behaviour over the long term.

Engagement is part of a wider approach to the assessment and integration of ESG factors. It should be used by Manulife | CQS investment professionals as a tool to build a fundamental analysis of risk, relative value and investment opportunity.

This policy sets out how Manulife | CQS expects itself to engage with corporate issuers, including the process we follow.

It is supplemental to the Manulife | CQS Shareholder Rights & Stewardship Policy in which we outline how Manulife | CQS undertakes asset holder engagement, stewardship, and proxy voting for funds and/or mandates under its management in accordance with the requirements of relevant law and regulation.

Approach

Engagement is identified as Stage 4 within the Manulife | CQS five-stage responsible investment integration process (please refer to the Manulife CQS Responsible Investment Policy).

We use our position, on behalf of our clients, as a leading global provider of credit to actively seek improvements from the companies in which Manulife | CQS-managed funds and/or mandates invest. As predominantly credit investors, the most relevant measure of active ownership is our engagement activity.

Engagement should take place, wherever practicable, both pre-investment and post-investment.

Manulife | CQS has an engagement framework which is designed to guide investment professionals on recommended areas of engagement by sector and sub-industry. Investment professionals may also tailor their approach depending on the country and/or region and having regard for the broader economic development and policy expectations of the countries in which the relevant company operates.

All ESG engagements should be recorded within the Manulife | CQS Research system, whether these are in relation to capital markets, sponsors or at an individual company level.

Day-to-day Engagements

Manulife | CQS may undertake engagement with a company as part of its pre-investment process prior to entering investment transactions. There may also be issues flagged during the holding period of an investment in the ESG rating process, regular portfolio reviews and ESG rating audits which require engagement.

Such engagements should be used to better understand a company’s ESG characteristics and activities, which form part of the Manulife | CQS internal credit and ESG assessment.

Targeted Engagement Programmes

Manulife | CQS has established an Engagement Group which typically meets on a quarterly basis. Manulife | CQS Portfolio Managers or the Manulife | CQS Engagement Group may determine that a company should be subject to a Targeted Engagement Programme. This could be based on a number of considerations including, but not limited to:

- A company's overall ESG rating and ESG Outlook rating
- Development opportunities where Manulife | CQS believes it has leverage to work with a company to improve sustainability outcomes
- Controversies or material ESG issues which have been identified during the pre or post investment phase (such as violations of UN Global Compact Principles)

Prioritisation of companies subject to such programmes will be considered based on materiality of issues identified (relative to company specific ESG issues versus overarching Manulife | CQS engagement priorities), the size of the investment and our view on the ability to materially influence change within a company.

All Targeted Engagement Programmes should have specific considerations and objectives documented at the outset.

Each of these engagement objectives should be mapped to the relevant United Nations Sustainable Development Goal(s). Where applicable, objectives should consider sustainability outcomes, such as disclosures in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") and greenhouse gas reduction targets.

The Manulife | CQS Engagement Group will review overall progress on a periodic basis and determine whether engagement objectives should be expanded, reset, completed or withdrawn.

If goals are not met or progress does not meet our expectations, relevant Portfolio Managers are expected to consider next steps in relation to the investment (see Escalation process below).

In the event a material controversy is identified, for example a violation of UN Global Compact Principles, engagement may be immediate and led by the Portfolio Manager or Analyst without a structured engagement programme.

Collaborative Engagements

Manulife | CQS may participate in collaborative engagement where such collaboration relates to a company that is subject to a Targeted Engagement Programme and/or where a Manulife | CQS-managed fund or mandate classified as Article 8 under SFDR is invested in a company.

Further, where applicable and suitable, Manulife | CQS will seek to be involved with and support capital markets and/or sponsor developments where related to the improvement of industry processes for responsible investment and sustainability outcomes.

Notwithstanding Manulife | CQS's involvement in collaborative engagements, Manulife | CQS at all times exercises sole discretion and independence in determining investment decisions, including the issuers that it engages with, the scope of its participation in collaborative engagements and whether or not to support shareholder proposals. Manulife | CQS will not:

- Agree to vote or deal in shares together with any other collaborative engagement participant
- Engage with any specific issuer at the direction of another collaborative engagement participant
- Act in concert with another collaborative engagement participant to acquire or consolidate control over any issuer or its board

Manulife CQS's participation in any collaborative engagements will at all times be in accordance with applicable law and/or regulation and Manulife CQS's Competition, Market Abuse and Shareholder Rights and Stewardship policies.

Manulife CQS keeps its membership of collaborative engagement initiatives under review to determine whether such memberships remain beneficial to Manulife CQS and/or the funds and/or mandates under its management and/or advice.

Escalation

Priority engagements may require a number of actions in order to achieve the outcomes or objectives Manulife | CQS is looking to address. As a principle, we believe in engagement to understand a company's approach or actions, rather than beginning on an exclusionary basis.

Where engagement fails to address a material issue, the relevant Portfolio Manager may at their discretion decide to sell the relevant position. The relevant company may also become excluded from a fund's investment universe.

Prior to selling or exclusion, a number of engagement approaches may be adopted such as:

- Escalation within the company to a more senior individual such as the CEO or Chair
- Dedicated Targeted Engagement Programme
- Collaboration with other investors
- Use of proxy voting (where applicable)
- Litigation.

The use of litigation is a measure available in extremis to drive change in relation to the practices of a company but represents a severe escalation.

This Manulife | CQS Engagement Policy does not impose any specific restrictions on the escalation actions available.

Governance of Manulife | CQS Responsible Engagement Activity

The Manulife | CQS Management Committee (“**ManCo**”) is ultimately responsible for the Manulife | CQS strategy and approach towards Responsible Investment.

Governance and process development of the Manulife | CQS Responsible Investment Policy and the Manulife | CQS Engagement Policy is overseen by the Manulife | CQS Responsible Investment Governance Committee (“**RIGC**”) which reports to the Manulife | CQS Operating Committee (“**OpCo**”) and is ultimately accountable to the ManCo. The RIGC determines Manulife / CQS’ engagement priorities and the Manulife | CQS Engagement Group is accountable to the RIGC.

Shareholder Rights and Voting

The Manulife | CQS Shareholder Rights and Stewardship Policy describes in full our approach to Shareholder Rights and Voting practices. This includes the use of voting as an escalation measure when engaging on ESG matters with a company.

Communication

Manulife | CQS endeavours to update clients and investors with information relating to Manulife | CQS engagement programmes, including (subject to legal and commercial confidentiality requirements) engagement objectives and the outcomes of such activity.

Conflicts of Interest

Manulife | CQS will consider, mitigate, and manage any conflicts arising in relation to its engagement approach in accordance with the Manulife | CQS Conflict of Interest Policy, and to the extent required, escalate to OpCo. OpCo meets on a quarterly basis and can consider any conflicts or regulatory matters arising from this policy, which can then be reported to the relevant individuals, the RIGC, and/or ManCo as appropriate.

Policy Review

This Policy is subject to review not less than once a year. Any material changes will be presented to RIGC for approval.

Policy Information

Maintenance, Authorisation, and Review Requirements

Department responsible	RIGC
Individual responsible (policy owner)	Chair of RIGC
Minimum frequency of update/review	Annual
Distribution	Internal – External with Policy Owner Consent
Entity applicability	All Group Companies

Update and Review Information

Last updated	March 2025
Updated by	RIGC