



2022 Sustainable investment highlights

We continue to deepen our research-led approach to sustainable investing (SI) in pursuit of value creation and better client outcomes. We have bolstered sustainability-related governance and risk management and expanded our constructive dialogue with issuers on material issues that we believe can affect the value of securities we invest in on behalf of our clients.

[Read our full 2022 Sustainability Report](#)



INTEGRATED RESEARCH

TO HELP MITIGATE RISK AND ENHANCE RETURNS

Our SI and environmental, social, and governance (ESG) research inputs help many teams assess the holistic value of investments. The “weight” or prominence of these inputs differ based on the topic, security type, and a team’s investment discipline and philosophy and process. Climate-change research collaborations with Woodwell Climate Research Center and the Joint Program on the Science and Policy of Global Change at the Massachusetts Institute of Technology inform our climate research. Many of Wellington’s investment teams draw on our data-driven technologies, climate maps, portfolio reviews, and dashboards to conduct sustainability research.

2022 HIGHLIGHTS

18,500 meetings held with 4,500 public-market issuers in 86 countries. We believe these meetings open avenues to value creation through productive dialogue on material ESG issues.¹

Deepened our research collaboration with Woodwell, adding biodiversity to our range of study

Announced our climate-change research collaboration with the MIT Joint Program, to further study transition risks

Broadened research to assess modern slavery risk and promote best practices at our investee companies

Expanded our ESG Research Team, adding a dedicated sovereign credit ESG analyst

Conducted 1,700 issuer-level climate physical-risk assessments

Received Environmental Finance’s ESG Innovation of the Year Award for our climate research efforts²

¹ Represents meetings with public-market issuers. Issuers refers to companies and sovereigns. All figures as of 31 December 2022. For the Wellington Management group of companies. While all meetings inform our investment processes, ESG topics are not covered at every meeting.

² The advisor did not pay a fee to be considered. Winners were selected by submitting a written application, and Wellington Management was the only winner in the ESG Innovation of the Year (Research) category. The award may not be representative of any one client’s experience. The award is not indicative of Wellington Management’s future performance. Past performance is no guarantee of future results. Award date and time period: July 2022; July 2021 – July 2022.

INNOVATIVE STRATEGIES

TO TRANSLATE SUSTAINABILITY RESEARCH INTO CLIENT-ORIENTED OUTCOMES

We manage four categories of dedicated sustainability-oriented approaches: ESG forefront, Sustainable theme, Climate, and Impact investing.





2022 HIGHLIGHTS

Broadened our sustainable investing product suite into alternatives and private markets

Offered 58 Article 8 and six Article 9 funds aligned with the EU's Sustainable Finance Disclosure Regulation (SFDR)

Added our Emerging Markets Impact approach to our public-market SI platform

Expanded our Impact Measurement and Management (IMM) Practice and frameworks, which inform our company investment theses and impact theories of change

Type	 ESG FOREFRONT	 SUSTAINABLE THEME	 CLIMATE	 IMPACT
Philosophy or objective	ESG factors are central to the investment philosophy in pursuit of value creation and/or risk management	Socially and environmentally positive themes underpinned by structural economic drivers are central to the investment philosophy in pursuit of value creation and/or risk management	Seeks to invest in issuers that we believe contribute to a lower-carbon future, can help the world adapt to a changing climate, or are well positioned to manage transition and/or physical climate risks	Seeks to invest in issuers whose core products, services, or projects provide environmental and/or social solutions in a differentiated way, with the goal of driving measurable positive impact alongside financial returns
Implementation examples	ESG improvers; stewardship and active engagement	Aiming to advance the United Nations Sustainable Development Goals; promoting sustainable development in emerging markets	Climate adaptation and mitigation strategies; Paris-aligned; net zero; low-carbon portfolios	Issuers whose core business lines involve education, health care, alternative energy, or expanding digital access; social and sustainable bonds
Asset class offerings	Public equities	Public equities Public fixed income	Public equities Alternatives Private investments	Public equities Public fixed income Private investments
<div> <div>←</div> <div>ESG integration and engagement</div> <div>→</div> </div> <p>Incorporating material ESG and climate-change considerations to make more informed investment decisions. Engaging in constructive dialogue with issuers in support of value creation via improved ESG practices.</p>				

NOTE ON OUR ARTICLE 8 AND 9 FUNDS

The SI regulatory landscape continues to develop. As of 31 December 2022, categorization of our SFDR Article 8 and Article 9 approaches remains unchanged.

INFLUENTIAL ENGAGEMENT

TO OPEN AVENUES TO VALUE CREATION BY ADVANCING RESILIENT BUSINESS PRACTICES AND SUSTAINABLE OUTCOMES

We believe companies that are good corporate stewards with strong or improving ESG performance can improve overall resilience, competitiveness, and, potentially, profitability over time. Our stewardship efforts, including constructive dialogue and proxy voting, aim to better understand material ESG risks and drive long-term value in our investee companies.

2022 HIGHLIGHTS

Enhanced tools and technology for reporting on engagements and outcomes

Collaborated extensively to deepen company engagement and make more informed investment decisions

- 49 global industry analysts
- 35 credit analysts
- 13 ESG analysts and associates
- 4 ESG investment professionals on the Private Investments ESG Team

Furthered engagements on biodiversity to better understand associated risks and opportunities

Voted proxies at 6,772 general meetings in 67 markets

Did not support management recommendations on at least one resolution at 43% of annual general meetings (AGMs). All our proxy votes are made with intent to advance the best interests of shareholders, support best practices, and foster constructive dialogue.

2022 ENGAGEMENTS

BY CATEGORY

Environment	19.5%
Social	27.2%
Governance	53.4%

BY REGION

Africa	0.49%
Asia	34.11%
Europe	17.89%
Middle East	1.06%
North America	43.11%
Australia	0.83%
South America	2.51%
Total	100.00%

BY SECTOR

Information technology	17.32%
Industrials	13.73%
Health care	13.01%
Consumer discretionary	12.95%
Financials	11.95%
Consumer staples	9.52%
Communication services	5.70%
Materials	5.42%
Real estate	5.11%
Energy	2.78%
Utilities	2.54%
Total	100.00%

All figures as of 31 December 2022. For the Wellington Management group of companies. While all meetings inform our investment processes, ESG topics are not covered at every meeting. Data is from 7,463 tracked meetings in which E, S, or G topics were covered. Most meetings cover multiple E, S, and G topics and therefore the tracked engagements by category may not add up to the total number of tracked meetings.



INDUSTRY LEADERSHIP

TO ENGAGE WITH POLICYMAKERS AND STANDARD SETTERS TO IMPROVE CLIENT OUTCOMES

In pursuit of investment excellence for our clients, we strive to lead our industry via our research-led approach to sustainability.

NET ZERO ASSET MANAGERS INITIATIVE (NZAM)

This commitment is made in the context of our fiduciary duty to clients. As of March 2022, the last reporting period for NZAM, 32.4% of our assets under management, or US\$436 billion in client assets, were aligned with achieving net-zero emissions by 2050 or sooner. We also acknowledge that the scope for asset managers to invest for net zero and to meet the commitments set forth above depends on the mandates agreed with clients and clients' and managers' regulatory environments. These commitments are made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of our legal duties to clients and unless otherwise prohibited by applicable law.

2022 HIGHLIGHTS

Formalized the Wellington Climate Leadership Coalition (WCLC), partnering with several strategic asset-owner clients

Continued membership and advisory group leadership of NZAM, which has US\$59 trillion committed from 301 signatories as of 31 December 2022

Head of Sustainable Investment Wendy Cromwell joined the Climate-related Financial Risk Advisory Committee, serving the US Treasury Department's Financial Stability Oversight Council

Signed onto the Global Real Estate Engagement Network (GREEN), an organization that encourages the real estate sector to reduce its exposure to financial and nonfinancial climate risk by reducing carbon emissions and managing progress against science-based 1.5° C targets. We believe these activities lead to long-term value creation.

Developed a Transition-Alignment Rating system to help us assess the impact of the low-carbon transition on issuers

Continued advocacy with policymakers and standard setters to support standardization of sustainability disclosures



GLOBAL IMPACT INVESTING NETWORK



THE INVESTOR FORUM



RISKS AND IMPORTANT DISCLOSURES

INVESTMENT RISKS

All investments involve risks. Given the long time frames for most impact projects and many companies' reliance on disruptive technologies, investments may be subject to volatility and are therefore more suited to longer investment horizons. The following are some general risks associated with various approaches discussed in this report. This is not an all-inclusive list. Each specific investment approach and product will have its own specific risks and risks will vary.

Capital risk: The value of your investment may become worth more or less than at the time of the original investment. | **Concentration risk:** Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect performance. | **Equity and fixed income securities' market risks:** Financial markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values, and the creditworthiness of the issuer. | **Foreign and emerging markets risk:** Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets. | **Smaller-capitalization stock risks:** The share prices of small- and mid-cap companies may exhibit greater volatility than the share prices of larger-capitalization companies. In addition, shares of small- and mid-cap companies are often less liquid than larger-cap companies. | **Manager risk:** Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses. | **Sustainability risks:** ESG factors may be considered as part of a broader analysis of individual issuers (including with regard to a sustainability risk assessment), using inputs from the investment manager's team of ESG analysts to help identify global best practices, prepare for company engagement, and collaborate on new research inputs. The factors considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labor relations history, and climate risks.

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