

# Client Exclusions Policy

## Wellington Management

### INTRODUCTION

Wellington Management group (“Wellington Management”) serves as investment manager to a diverse group of clients around the world with varying investment objectives and strategies. Clients seek to incorporate sustainable or responsible investing principles and express their expectations in a variety of ways, including the exclusion of companies participating in economic activity which they may deem to be harmful to the environment or society. This document sets out the policies of Wellington Management on the exclusions of issuers from our clients’ investable universe.

For certain Wellington Management Funds and at the request of a separate account client, Wellington Management will apply exclusions to the categories of business activity in this document in accordance with the methodology set out below. In some instances, clients may seek to exclude these same categories of business activity in a different manner. Some clients may also seek to apply other exclusions or may wish to enhance their exclusions beyond those categories of business activity identified in this document. Where agreed with a client, Wellington Management will endeavor to incorporate such exclusions in a manner that is consistent with client requests and risk/return expectations.

### APPLICATION OF EXCLUSIONS

In applying exclusions, Wellington Management will seek to exclude investments made directly or indirectly in a single corporate issuer. This policy does not apply to derivative instruments, unless used to gain long exposure to an investee company such as through a single-name Total Return Swaps or Credit Default Swaps. Moreover, exclusions will not be applied to short positions or investments in securities which may create exposure to multiple underlying issuers such as collective investment schemes or index positions.

Exclusions are enforced on a pre-trade basis through Wellington Management’s guideline monitoring system. If, in accordance with the methodology for the relevant exclusion category, the status of a security held in a client account changes and is deemed prohibited, this is deemed a passive breach. In such an event, Wellington Management will consult with the client to determine whether to sell or retain the position. Documentation of this determination will be required prior to taking action. If disposition of the security is required, Wellington will sell the position in a manner consistent with Wellington’s fiduciary obligations and the regulatory regime governing the client relationship.

In taking a thoughtful and deliberate approach to exclusions, Wellington Management may be reliant on both internal and external research as well as fundamental analysis, where applicable. As a result, changes or updates to the available information on any given issuer may not result in an immediate change to the impacted issuer’s status with respect to excluded categories. Where existing research changes or new information comes to light which may materially impact an individual issuer’s status, Wellington Management will seek to review such status in light of the new or updated information in a reasonable timeframe and in accordance with the process established for review of the relevant exclusion category.

### DATA AVAILABILITY

In implementing the exclusions outlined below, Wellington Management may be reliant on either third-party data or a combination of third-party data and Wellington Management’s internal research and analysis. In addition, where clients seek to apply enhanced exclusions, the client and Wellington may agree on a third-party and/or other data source to comply with the exclusions. Wellington Management performs ongoing due diligence on third party data sources and endeavors to ensure that third party data is reliable. Where Wellington Management is reliant on third party data, however, such data may not capture the full universe of activity which the client seeks to exclude or may be otherwise flawed or inaccurate resulting in investment in an issuer which is engaged in activity which the client seeks to exclude.

## CATEGORIES OF EXCLUDED ACTIVITY

Upon agreement with the client, Wellington Management will apply these categories of excluded activity as follows:

### MANUFACTURE OF NUCLEAR WEAPONS

In order to identify and exclude companies which are involved in the production of nuclear weapons, Wellington Management will exclude from investment any company that manufactures nuclear warheads and/or whole nuclear missiles as identified by MSCI's "Weapons – Nuclear Warheads and Missiles" factor. This factor includes companies with contracts to operate or manage government-owned facilities that manufacture nuclear warheads and missiles.

### PRODUCTION, DISTRIBUTION, RETAIL OR SUPPLY OF TOBACCO RELATED PRODUCTS

Wellington Management will seek to exclude companies which derive any revenue from the production of tobacco products such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco as identified by MSCI's "Tobacco Producer" factor. This factor also includes companies that grow or process raw tobacco leaves. In addition, Wellington Management will seek to exclude companies which derived more than 25% of their revenue in their most recent-year revenue that was derived from tobacco-related business activities as identified by MSCI'S "Tobacco Total – Maximum Percentage of Revenue" factor.

### THERMAL COAL EXTRACTION OR THERMAL COAL-BASED POWER GENERATION

Wellington Management seeks to exclude companies that derive more than 30% of total reported or estimated revenue from coal-based energy generation according to MSCI's "generation thermal coal – maximum percentage of revenue" factor from the client investible universe. Companies can be removed from the exclusions list if they have a 'Coal Phase-Out Plan' by 2035 (2045 for Emerging Markets) and/or disclosure and commitment to a Paris-aligned transition path. Both exemption criteria must be supplemented with Wellington engagement calls focused on accountability to published commitments.

In addition, Wellington Management seeks to exclude companies that derive more than 10% of total revenues of reported or estimated revenue from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties as identified by MSCI's "Thermal Coal – Maximum Percentage of Revenue" factor and that are not identified by Wellington Management's internal research for exemption from the list. The MSCI factor does not include revenue from metallurgical coal; coal mined for internal power generation (e.g., in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading in its identification of revenue related to the mining of thermal coal. In addition, the exclusions list seeks to include those issuers that, according to MSCI's "Thermal Coal – Reserves Volume (metric tons)" factor, have thermal coal reserves volume in excess of an amount which Wellington Management periodically determines is likely to represent the top 20% of all thermal coal reserve owners in a given year. Companies can be removed from the exclusions list if they have a 'Coal Phase-Out Plan' by 2035 and/or have committed to no new capital expenditure on additional coal capacity. Both exemption criteria must be supplemented with Wellington engagement calls focused on accountability to published commitments.

### PRODUCTION AND GENERATION OF OIL SANDS (ALSO KNOWN AS TAR SANDS)

Wellington Management will seek to exclude companies which derive more than 5% of reported or estimated revenue derived from oil sands extraction within a set of companies that own oil sands reserves and disclose evidence of deriving revenue from oil sands extraction as identified by MSCI's "Oil Sands – Maximum Percentage of Revenue" factor. This factor does not include revenue from non-extraction activities such as exploration, surveying, processing, or refining; ownership of oil sands reserves with no associated extraction revenues; or revenue from intra-company sales.

### CONTROVERSIAL WEAPONS

Wellington Management will exclude companies which have any ties to cluster munitions, landmines, biological or chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments as identified by MSCI's "Controversial Weapons – Any Tie" factor.

## GOVERNANCE OF WELLINGTON MANAGEMENT'S EXCLUSIONS POLICY

Wellington Management's Investment Stewardship Committee is ultimately responsible for Wellington Management's Policy on Exclusions and has overall responsibility for the oversight, review, and implementation of this policy.

The Investment Stewardship Committee will periodically share this policy with key stakeholders for their feedback and will seek to make enhancements and modifications as they deem necessary.

The Investment Stewardship Committee is responsible for reviewing and updating the policy at least annually and otherwise as appropriate.

---

Wellington Management Company LLP (WMC) is an independently owned investment adviser registered with the US Securities and Exchange Commission (SEC). WMC is also registered with the US Commodity Futures Trading Commission (CFTC) as a commodity trading advisor (CTA) and serves as a CTA to certain clients including commodity pools operated by registered commodity pool operators. WMC provides commodity trading advice to all other clients in reliance on exemptions from CTA registration. WMC, along with its affiliates (collectively, Wellington Management), provides investment management and investment advisory services to institutions around the world. Located in Boston, Massachusetts, Wellington Management also has offices in Chicago, Illinois; Radnor, Pennsylvania; San Francisco, California; Frankfurt; Hong Kong; London; Luxembourg; Milan; Shanghai; Singapore; Sydney; Tokyo; Toronto; and Zurich.

This material is prepared for, and authorized for internal use by, designated institutional and professional investors and their consultants or for such other use as may be authorized by Wellington Management. This material and/or its contents are current at the time of writing and may not be reproduced or distributed in whole or in part, for any purpose, without the express written consent of Wellington Management. This material is not intended to constitute investment advice or an offer to sell, or the solicitation of an offer to purchase shares or other securities. Investors should always obtain and read an up-to-date investment services description or prospectus before deciding whether to appoint an investment manager or to invest in a fund. Any views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients.

©2021 Wellington Management Company LLP. All rights reserved.