WELLINGTON MANAGEMENT®

2020 Sustainability Report

Contents

Message from leadership

In many ways, 2020 was a year of intense learning. From the global pandemic to racial injustice to climate catastrophes, the events of the past year have strengthened our resolve to understand and address these issues in our operations and the investments we make on behalf of clients.

Diversity, equity, and inclusion (DEI) and climate change were two areas of acute focus throughout the year and will remain so in 2021. We are committed to improving our own DEI and encouraging the companies in which we invest to do so as well. To this end, in 2020 we launched and enhanced a number of internal initiatives to support allyship and accountability. And in early 2021, we joined the Corporate Call to Action, pledging to share our diversity data to create accountability and help our firm and industry chart progress in this area.

Our work with Woodwell Climate Research Center (Woodwell) to understand the physical effects of climate change on capital markets continues in force. This work has strengthened our stewardship efforts by underpinning our Physical Risks of Climate Change (P-ROCC) framework for company engagements, our Climate Action 100+ work, and our proxy voting decisions. Our deepening understanding of the economic impact of the changing climate led us to join the Net Zero Asset Managers initiative (NZAMI) as a founding member in December. Through this initiative, we have pledged to work with clients to achieve net-zero emissions by 2050 and have also committed to carbon neutrality in our operations by 2022. That means we have lots of work to do in 2021.

While we have made progress in many sustainability areas, we recognize that we have more to achieve. As a firm, we are committed to continually improving our sustainable investment and internal sustainability practices. We appreciate the opportunity to share our commitment and evolution with you.

Jean Hynes, CFA
Incoming Chief Executive Officer

Wendy Cromwell, CFA
Vice Chair and Director, Sustainable Investment

Section 1: About Wellington

PRINCIPLES[1] 1, 6

Wellington Management's mission is to drive excellence for clients to positively impact millions of beneficiaries' lives.

- Our singular focus is investment management.
- Our investment decisions are informed by in-depth, multidisciplinary research.
- We are committed to our role as a fiduciary.
- We exist for our clients and are driven by their needs.

We trace our history back to 1928, when Walter Morgan, a Philadelphia-based accountant, established the first balanced mutual fund in the United States. Our expertise is investments. We like to describe ourselves as a community of teams that create solutions for specific client needs. Our most distinctive strength is our proprietary, independent research, which is shared across all areas of the organization and used solely for the purpose of managing our clients' portfolios.

Wellington is a private partnership, serving as an investment adviser to more than 2,200 institutions located in over 60 countries. As of 31 December 2020, we manage nearly US$1.3 trillion in client assets. Our clients include central banks and sovereign institutions, consultants, defined benefit and defined contribution plans, endowments and foundations, family offices, insurers, and intermediaries and wealth managers.

Guiding principles

PRINCIPLE 6

We are guided by the maxim "client, firm, self." This translates into an emphasis on investment results, exceptional service, and a fiduciary mindset. We believe that our private partnership enables us to take a long-term view, better align our interests with those of our clients, and attract and retain outstanding talent. A central concept in our approach to stewardship and sustainable investing is that material environmental, social, and governance (ESG) topics and sustainability-related risks and opportunities are strategic business issues that can affect the long-term value of the securities we may invest in on behalf of our clients. We also believe that through informed, active ownership, we can influence corporate behavior and raise awareness of and help build resilience to sustainability risks. Our ability to identify and assess material issues and risks is critical to achieving our clients' financial objectives.

We recognize that building strong, long-term relationships with clients is vital to our success as a firm. Our relationship managers are charged with staying in close contact with their clients at all times, to ensure that any issues are addressed in a timely fashion. Members of the firm's senior management frequently seek opportunities to meet with clients, providing an additional forum to discuss any relationship questions or concerns. We do not set asset or business goals or quotas, and our private partnership form of ownership frees us from pressure for short-term results and from the pressure to measure success in terms of stock price or asset growth. Combining stability with agility, global reach with local depth, and broad multi-asset skill with specialization, we believe we are well positioned to address our clients' challenges.

Our investment approaches span a range of asset classes, from global equities and fixed income to currencies and commodities. Our client base is global and diverse and includes mutual fund and variable insurance sponsors; company, occupational, and public pension funds; defined contribution plan sponsors; government and supranational entities; banks and private banks; insurance entities; endowments, foundations, and religious and health care institutions; investment advisory firms; private investment offices; and high-net-worth individuals.

Wellington Management's mission is to drive excellence for clients to positively impact millions of beneficiaries' lives.

1 The principles cited in subheadings throughout this report are references to the Financial Reporting Council's UK Stewardship Code. Further details can be found in Appendix on page 50.

WELLINGTON'S BUSINESS MODEL: BUILT AROUND COLLABORATION AND SHARED ACCOUNTABILITY




OWNERSHIP MODEL

- Long-term perspective of a private partnership structure
- Attract and retain investment talent
- Independent: No public shareholders, no outside capital
- Interests aligned with clients

BUSINESS MODEL

- Singular focus on investment management
- Diversification by asset class, geography, and client type
- Research for client benefit only
- Commitment to bringing the right resources to each client

INVESTMENT MODEL

- Comprehensive capabilities
- Rigorous proprietary research
- Career analysts
- Global resources
- Empowered portfolio teams

CULTURE

- Open, collaborative
- Performance driven
- Professional/collegial
- High standards, ethics, and integrity
- Global diversity and inclusion

CURRENT LEADERSHIP INITIATIVES

- Globalization
- Sustainable investing and ESG research
- Investment science and research-data analytics
- Investment risk management

WELLINGTON BY THE NUMBERS

All data as of 31 December 2020

BUSINESS OVERVIEW

- US$1.3 trillion of client assets under management
- More than 2,200 clients
- Clients in over 60 countries

2020 ENGAGEMENT OVERVIEW

- Proxies voted for 6,750 companies in 69 markets
- Over 15,000 meetings with CEOs, board members, or company executives in 2020[2]
- Collaboration in over 15 industry initiatives

PEOPLE AND PORTFOLIOS

- 826 investment professionals with 18 years' experience, on average
- 182 active partners
- 48 professionals dedicated to sustainable investment
- 15-member Investment Stewardship Committee (ISC) with representation across functions and regions

2 Represents meetings, rather than engagements with companies. All figures as of 31 December 2020. For the Wellington Management group of companies.

Asset class (% of total AUM)	Assets (US$ million)
Equity (44%)	573,195
Fixed Income (40%)	511,666
Multi-Strategy (16%)	206,559
Total	1,291,419

Account region[3]	Assets (US$ million)
Americas	1,056,640
APAC	84,819
EMEA	149,960
Total	1,291,419

Four decades of forward thinking

PRINCIPLE 1

Long-term investing is part of Wellington's heritage. For the past 40 years, our professionals have collaborated every seven years on a firmwide, interdisciplinary research initiative called Future Themes, exploring provocative investment ideas to address emerging global trends and challenges. This tradition, which continues today, informs our sustainable investing research, has led to the development of new investment approaches, and encourages Wellington to look outside of its own organization for insight and expertise.

1970s TO PRESENT

Future Themes research

1995

Launched Shari'ah-compliant global equity strategy, collaborating with Harvard University and the Islamic Development Bank

2006

Became subadvisor for Domini equity approach[4]

2007

Launched climate-focused strategy

2011

Formalized ESG Research Team

2012

Signed the UN Principles for Responsible Investment (PRI)

2015

Launched impact investing strategy

Launched thematic strategy focused on economic development in emerging markets

2016

Joined the Global Impact Investing Network (GIIN)

2017

Launched fixed income impact strategy

Launched systematic strategy with low-carbon focus

Signed statement of support for TCFD

2018

Wendy Cromwell elected to PRI Board

Began Woodwell Climate Research Center collaboration

2019

Launched two ESG forefront strategies

Began managing ESG forefont fund for Vanguard[5]

Chris Goolgasian named to CFTC[6] Climate-Related Market Risk Subcommittee

2020

Launched climate-adaptation strategy

Became a founding member of the Net Zero Asset Managers initiative (NZAMI)

Joined Climate Action 100+

Joined the Institutional Investors Group on Climate Change (IIGCC)

3 Regional AUM is counted at the account or fund level.
4 Wellington Management and Domini are independent and unaffiliated entities, each of which offers its own investment products and services.
5 Wellington Management and Vanguard are independent unaffiliated entities, each of which offers its own investment products and services.
6 Commodity Futures Trading Commission.

Section 2: Our approach to sustainability

PRINCIPLES 4, 7, 9, 10

We believe achieving our clients' investment goals requires integrating our sustainable research and engagement practices across our investment platform. Our holistic approach triangulates ESG research insights on potential investments from equity, credit, and ESG research perspectives. We do this by:

- Investing across the spectrum of liquid and illiquid securities incorporating sustainable investment factors with the objective of outperforming our benchmarks and delivering competitive returns for our clients
- Developing a range of investment approaches that meet our clients' specific return and sustainability objectives
- Engaging with companies to understand their strategy, financial and nonfinancial performance and risk, capital structure, social and environmental impact, and corporate governance and seek to guide and encourage change where appropriate (see Section 4 for details about our engagement)
- Partnering with industry leaders, the scientific community, and academia
- Participating in industry initiatives

With these efforts, we intend to advance sustainable investing and expand the sustainability ecosystem.

Sustainable investing and ESG approaches

PRINCIPLES 4, 7

Our sustainability- and ESG-oriented investment approaches invest across the spectrum of liquid and illiquid securities, incorporating sustainable investment factors with the objective of outperforming our benchmarks and delivering competitive returns for our clients. These approaches include:

- Impact investing
- ESG forefront investing
- Thematic investing
- Climate-focused investing

As market participants increasingly appreciate the potentially significant societal and financial value of investing in sustainable solutions, many new opportunities will surface. As active investors, we continue to develop strategies across asset classes that help our clients make a positive impact on the world while earning a positive return on their investment. The following are types of sustainable and ESG-focused approaches currently provided or under development.

IMPACT INVESTING

These strategies seek to invest in companies we believe are solving the world's biggest social and environmental problems. We manage global equity and bond impact strategies focused on 11 themes across three broad impact areas: life essentials, human empowerment, and the environment. For every issuer held in these strategies, we produce key performance indicators (KPIs) that seek to quantify the level of impact the issuer has on society or on the environment.

ESG FOREFRONT INVESTING

ESG drives the investment philosophy for these approaches, which seek to identify ESG leaders, companies improving on ESG factors, or companies that can potentially sustain a high return on capital while demonstrating exemplary corporate stewardship.

THEMATIC INVESTING

Our thematic approaches aim to invest along secular socioeconomic trends. While climate change is our largest thematic area (details below), we also manage strategies that invest in companies that we believe have the potential to benefit from or contribute to economic development. In public securities, we have focused on emerging markets. In the private markets, we aim to empower the venture ecosystem by providing Black venture capitalists and Black entrepreneurs with access to our network, advice, mentorship, infrastructure, and funding.

CLIMATE-FOCUSED INVESTING

While climate change is an intrinsic consideration for our sustainability strategies, we also manage several dedicated climate strategies, which have various climate-related objectives. These include:

- A global equity portfolio designed to help address carbon and sustainability under investment by focusing on climate-change mitigation and adaptation through five broad sustainability categories: low-carbon electricity, energy efficiency, water and resource management, low-carbon transport, and resilient infrastructure.
- A carbon-focused global equity portfolio that seeks to maintain low-carbon exposure by using company-level data to construct a portfolio with lower greenhouse gas (GHG) emissions on a weighted-average basis than the MSCI World Low Carbon Target Index and minimizing fossil-fuel exposure from the opportunity set. This is accomplished by excluding all names within the energy sector and names outside of the energy sector with greater than 5% of revenues derived from fossil fuels or thermal coal.

- A thematic approach that invests in companies that will help society adapt to the physical effects of climate change by connecting six climate variables to capital markets: heat, drought, wildfire, hurricanes, flooding, and water scarcity. From a humanitarian perspective, we believe the companies we invest in are poised to help people adapt to these changes across what we call the livability spectrum: from existence to comfort to thriving.

Finally, we are pursuing climate-specific opportunities in the alternatives space. We sense growing potential for innovation on climate solutions from the venture capital community, which can bring governments, scientists, consumers, and companies together. We believe there are compelling opportunities in private companies that mitigate GHG emissions and help businesses and consumers adapt to and alleviate physical-risk factors.

Key partnerships

PRINCIPLES 7, 10

We cultivate thought partnerships with sustainability-focused organizations within and outside our industry, in pursuit of better investment outcomes.

CLOSE AFFILIATIONS

PRI Principles for Responsible Investment

We have been signatories to the United Nations-supported Principles for Responsible Investment (PRI) since 2012. This network of international investors works to put the six Principles into practice. In December 2018, Director of Sustainable Investment Wendy Cromwell was elected to be one of two asset manager representatives on the 10-person board. She also serves as chair of the PRI's Finance, Audit, and Risk Committee and as a member of the HR and Remuneration Committee. To encourage greater understanding and adoption of responsible investment, Wendy has met with numerous asset owners globally to explain responsible investment principles and the benefits of becoming a signatory to the PRI.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We aim to assess, monitor, and manage the potential effects of climate change on our investment processes and portfolios, as well as on our business operations. In December 2017, we signed the Statement of Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD framework aligns with our belief that climate change is a strategic business issue that can impact long-term financial performance.

ACADEMIA

We have also collaborated with academic research teams. This work is undertaken in support of SDG 17, Partnerships for the Goals. We have joined with leading institutions to share knowledge, expertise, and resources to advance sustainable development. Our researchers have been invited to speak or teach workshops on topics such as impact investing and physical climate risk at a number of US academic institutions including The Fletcher School, Tufts University's graduate school of international affairs; Northeastern University; and Harvard Business School.

GIIN GLOBAL IMPACT INVESTING NETWORK

We have been members of the Global Impact Investing Network (GIIN) since 2016, and a member of our Sustainable Investment Team sits on the GIIN's Listed Equities Working Group. This nonprofit organization is an industry leader whose work supports impact investors, helps grow and improve their impact practices, and expands the impact universe through collaboration and strategic partnerships.

SUSTAINABLE DEVELOPMENT GOALS

Wellington supports the UN Sustainable Development Goals (SDGs), which offers a blueprint for raising global economic growth, lowering inequality, and protecting the environment for future generations. Specifically, our impact strategies seek to invest in companies and issuers that offer solutions to the world's largest social and environmental challenges. These impact strategies are focused around 11 impact themes, which consist of investable solutions to social and environmental challenges, and are the result of several years of research and consultation that led to the launch of our first impact strategy in 2015. When the 17 UN SDGs were published in late 2015, we were pleased to see how well our themes aligned.

For each company or issuer in our impact portfolios, we tag the goal or goals it aligns with, as well as any of the 169 underlying targets supporting the goals outlined by the UN. Our impact inclusion criteria and standards, which focus on materiality, additionality, and measurability, result in solutions that naturally support many of the SDGs. To demonstrate the impact of our portfolios, we track company-specific KPIs using the logic chain and the five dimensions of impact from the Impact Management Project. These KPIs, along with SDG alignment, create a critical feedback loop that ensures that we are investing in companies that are demonstrating net positive impact toward social and environmental challenges.

UN SDGS AND WELLINGTON'S IMPACT INVESTMENT ALIGNMENT

Wellington Management supports the UN SDGs and determines those that it believes each company or issuer is aligned with. Other investment firms may take a different view on how each company or issuer may align. | Sources: Wellington Management, www.un.org

In April 2020, we became a member of Climate Action 100+. This membership provides an additional avenue to engage on our belief that climate change is a systemic risk and is complementary to our rigorous climate research efforts. Portfolio managers with significant holdings add their voice to ongoing engagements with a subset of the highest-emitting companies globally. We expect this collective engagement effort to complement our ongoing private dialogue with companies.

We are currently involved in five engagements in which we believe we can have a meaningful contribution given our deep industry expertise, fundamental perspective, and knowledge of the companies. Our input is gathered from across our ESG analysts, global industry analysts (GIAs), and portfolio managers. During our first year of membership, we sought to learn from the leadership approach of our peers and provided input into the process and feedback on draft letters, with the aspiration of leading at least one engagement in 2021. In our client engagements, we have encouraged asset owners to join forces with this initiative.

Please see our company examples in the 2020 engagement and voting activity section for details about how we have supported Climate Action 100+ initiatives when engaging with portfolio companies.

THE INVESTOR FORUM

We are members of The Investor Forum, a collective engagement body representing investors in UK-listed companies. This partnership assists us in working collectively with our peers to escalate material issues with the boards of said UK-listed companies. The forum's goal is to create better-informed boards and a stronger level of trust and understanding, ultimately leading to sustainable long-term returns. During 2020, we were part of one active engagement with the forum on the topic of environmental leadership. We engaged with the forum and shared our feedback during the process, including a successful effort to expand the engagement to include both equity and credit investors. We participated in additional forum-sponsored events to foster dialogue across boards and listed companies.

Please see our company examples in the 2020 engagement and voting activity section below for details about how we have supported The Investor Forum when engaging with portfolio companies.

ADDITIONAL AFFILIATIONS

- Responsible investment
  - Focusing Capital on the Long Term (FCLTGlobal)
  - PRI Statement on ESG in credit ratings
- Stewardship codes
  - UK Stewardship Code
  - Japan Stewardship Code
  - Hong Kong Principles of Responsible Ownership
  - Investor Stewardship Group's Framework for US Stewardship and Governance
- Corporate governance
  - International Corporate Governance Network (ICGN)
  - Asian Corporate Governance Association (ACGA)
- Impact & ESG data
  - Global Real Estate Sustainability Benchmark (GRESB)

- Climate change
  - Transition Pathway Initiative (TPI)
  - CDP (formerly the Carbon Disclosure Project)
  - Ceres Investor Network on Climate Risk and Sustainability
  - Institutional Investors Group on Climate Change (IIGCC)

Climate science integration

PRINCIPLES 4, 7, 9, 10

Climate-change considerations are a significant area of focus for Wellington and a core component of our ESG integration process. Our dedicated Climate Research Team is part of our Sustainable Investing Team, and climate is a core part of our ESG integration and engagement process.

In many regions, more days of extreme heat, longer droughts, or repeated flooding could lead to mass migration, causing asset values to fall in less livable places and rise in more livable ones.

Woodwell Climate Research Center

Since September 2018, we have been collaborating with Woodwell, the world's leading independent climate research institute. Working with the climate scientists at Woodwell, we study the physical effects of climate change on capital markets and asset prices, integrating those findings into our investment practices through geospatial mapping.

The goals of our work with Woodwell are to:

- Bridge the gap between climate science and capital markets
- Understand which companies and regions factor in climate change
- Improve our ability to quantify liabilities and appropriately price securities
- Better assess material business costs and consequences
- Raise awareness of physical climate risks to promote resilience and adaptation

INTEGRATED SPATIAL FINANCE: MAPPING THE EFFECTS OF CLIMATE CHANGE

The scope of our initiative includes the study of seven climate variables: heat, drought, wildfires, floods, hurricanes, water availability, and air quality. Each of the variables — and combinations thereof — pose different degrees of risk to various regions and asset types. The climate data we have captured with Woodwell has been a critical input into our integrated spatial finance approach and the development of our Climate Exposure Risk Application tool (CERA). CERA is intuitive software that investors can use to view the geospatial relationship between physical climate risks and the assets they consider investing in on behalf of our clients. Using CERA, users can isolate or combine layers showing the climate variables, revealing a picture of potential "hot spots" of climate risk that merit further investment research.

The Climate Research Team applies the information and insights from CERA, along with company disclosures, to issuer analysis. To date, the team has evaluated more than 2,000 issuers for their physical risks, based on materiality of exposure and strength of risk management. Our investors can use CERA to project the climate-risk exposures of virtually any asset, from real estate and municipal bonds to infrastructure and utilities, to a company's property, plant, and equipment. Depending on the assets and the investor's time horizon, climate-risk information can be material to overall risk assessment.

WHY IT MATTERS

This work facilitates our ability to integrate fundamental investment insights into climate science. It also enables us to better analyze and question those insights, and to draw practical, action-oriented conclusions. Insights from our maps enable our investors to compare relative valuations and have more constructive dialogue with executive teams. We encourage investors to focus on location as a critical input into their process. Sectors with significant dependence on fixed locations,

NET ZERO ASSET MANAGERS INITIATIVE

In December 2020, Wellington became a founding member of the Net Zero Asset Managers initiative (NZAMI). Through this initiative, we commit to work in partnership with clients on their decarbonization goals and to set an interim target for the proportion of assets to be managed in line with the attainment of net-zero emissions by 2050. This commitment is grounded in our belief — forged by extensive research — that climate change poses material long-term financial risks for companies, economies, and society, and therefore, our clients' investment portfolios.

We will report annually on our progress toward this commitment via our **Wellington Management 2020 Climate Report**, including a climate action plan, which will be submitted to the Investor Agenda via its partner organizations for review.

We also commit to collaborate with other NZAMI members to develop methodologies for the decarbonization of additional asset classes where such methodologies do not yet exist. To this end, Wellington's Director of Sustainable Investments, Wendy Cromwell, has been selected to serve as one of six initial members on the NZAMI Advisory Group, and our climate transition risk analyst participates in the Implementation Group, both of which are coordinated by the Institutional Investors Group on Climate Change (IIGCC) as secretariat.

such as real estate, mortgages, municipal bonds, insurance, utilities, infrastructure, and agriculture may be the most negatively affected. Sectors with more movable assets may be better off. For entities with long-term investment horizons, climate change presents a significant strategic challenge.

We believe capital market participants must manage a variety of risks, including those related to climate change. For society, transparency about climate issues and the repricing of assets can help improve governmental planning on issues like infrastructure and migration. We hope our work will inspire others to rethink asset class and geographic exposures to better account for physical climate risks. We also hope to drive discussions that incentivize longer-term performance measurement to better align climate time horizons with investor time horizons. In our view, these shifts in thinking should be required of fiduciaries. They may also help provide better transparency, lead to more gradual asset repricing, and advance and inform public discourse.

P-ROCC FRAMEWORK: ADVANCING CLIMATE RISK DISCLOSURE AND TRANSPARENCY

An important output of our climate work is our Physical Risks of Climate Change (P-ROCC) framework. In conducting our research, we noted a lack of detailed company disclosures on the physical effects of climate change. In 2019, working alongside the California Public Employees' Retirement System (CalPERS), we published P-ROCC, a guide with which we help company management teams integrate climate science-based scenarios into their strategic planning and disclosures. In 2020, we used this guidance as an existing standard to provide industry-specific climate-disclosure recommendations in our engagements with several companies to encourage improved assessment of physical climate risk and disclosure for investors on resilience efforts.

P-ROCC seeks to improve how companies disclose their physical vulnerabilities, which can help asset owners and investment managers better evaluate companies' ability to adapt to or mitigate such risks before investing. We consider this to be a consultation document that can help companies think through their physical climate-risk exposure, including recommendations on how to analyze the impacts of key climate variables on the physical attributes of the company's business. Wellington investors and CalPERS' sustainable investment team have been sharing the document with companies, who we have found to be receptive to enhanced guidance.

The connection between our climate research and company engagement is direct, helping us raise awareness with management regarding the science and their organizations' vulnerabilities. We believe our proactive work may provide the impetus for them to invest in their own resilience efforts, as we'll have the evidence they may need to justify those investments.

CLIMATE AND ESG PORTFOLIO REVIEWS, RATINGS, AND ENGAGEMENT

Research from the Climate and ESG Research teams is one of a number of considerations in the overall research process available to help our investors think about ESG-related investment risks. An investment team may ask our Climate Research Team to conduct climate portfolio reviews for our investors and our ESG Research Team provides proprietary ESG ratings on companies, incorporating a range of ESG factors including climate change. These teams cover topics such as GHG emissions-reduction targets, renewable energy use, and water scarcity management. Our team also works closely with our GIAs to analyze sector-specific ESG risks, including climate-change implications for more carbon-intensive industries.

Climate risks are a regular topic of discussion when we engage with companies. Per our support for the TCFD recommendations, we have been engaging with portfolio companies to encourage their adoption. We are closely monitoring the first wave of published company reports on climate risk. Specifically, we are seeking verification that companies are working to create shareholder value by addressing the climate risks of physical assets and by mitigating transition risks stemming from changing regulation and technology.

We would like to see more robust scenario analyses that incorporate more than one global emissions scenario, so that we can better assess companies' exposure to transition risks, including the costs of adhering to regulation (i.e., carbon pricing) and implementing mitigating technologies. To address climate-change mitigation, we believe that challenging, timebound targets to reduce emissions and/or emissions intensity, along with progress toward that target, are a strong representation of a company's willingness and ability to reduce its exposure to transition risks over time. The best targets set by companies include both a short- and a long-term target.

We pay close attention to how companies link their targets to capital allocation decisions. In addition to mitigation, we are also asking companies to share more information about their adaptation strategy; this includes the resilience of their physical assets to climate-related events. This information will help us identify companies that have high existing exposure to areas that are prone to catastrophic events exacerbated by climate change.

Participation in industry initiatives

PRINCIPLE 4

Over the past year, we have been afforded several opportunities to share our sustainability perspectives with regulators and other trade organizations. For example, we have maintained ongoing conversations with the FRC related to UK Stewardship Code expectations and provided feedback during the consultation periods of various regulatory actions including SFDR, EU Taxonomy, the Monetary Authority of Singapore Guidelines on Environmental Risk, as well as the Hong Kong's Consultation on Climate-related Risks by Fund Managers, often collaborating with industry trade associations such as ASIFMA, AIMA, and ICI to enhance our impact.

JOINED INDUSTRY THROUGH ICI AND AIMA TO ADVOCATE ON SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

Following the release of the Draft Level 2 SFDR Regulatory Technical Standards (RTS) from the Joint Committee of the European Supervisory Authorities (ESAs), we joined SFDR working groups to provide feedback on the new RTS. Our primary focus areas have included: timeline for full implementation; manager-level disclosure requirements, specifically the lack of proportionality with a focus on best efforts implementation recognizing the availability of data; and greater flexibility in the initial implementation. We were specifically concerned about the ability to substantively meet the expectations on "Sustainable Investments" and measurement of "Do No Significant Harm" given the inconsistency between SFDR, EU Taxonomy, and the NFRD. We have been pleased by much of the recent guidance from the ESAs regarding a reduction of the number of Principal Adverse Indicators as well as the greater harmony across the various regulations. We look forward to additional guidance in the months to come.

ADVOCATED TO THE US SECURITIES AND EXCHANGE COMMISSION

The US Securities and Exchange Commission (SEC) proposed rule amendments that would impact the way investment advisers engage with proxy voting advisory firms. Most significantly, the SEC proposed that issuers be afforded the ability to comment on a proxy advisory firm's proposed proxy advice prior to the firm disseminating that advice to their clients. Echoing industry trade organization comments, we noted that the proposed framework would harm our ability to effectively vote proxies by compressing the time frame we would have from receipt of the proxy voting firm's recommendation to the proxy vote date. In its final rule making, we were gratified to see the SEC had abandoned the proposed pre-review requirement.

ADVOCATED TO THE US DEPARTMENT OF LABOR

The US Department of Labor (DOL) proposed two rules that would have had significant impacts on the way we manage our clients' assets. First, the DOL proposed amendments to the Investment Duties regulation that would have prohibited plan fiduciaries from considering "nonpecuniary" factors in making investment decisions. We were concerned that this proposed rule would discourage plan fiduciaries from considering even material ESG factors in making investments. In a comment letter to the DOL, we expressed our concern that the rule's failure to define nonpecuniary would have resulted in a rule that was too vague and would have had significant unintended consequences on the ability for plan fiduciaries to invest client assets. The DOL's final rule addressed many of the concerns we raised in our letter.

The DOL also proposed a rule that would have similarly impacted the process by which we assess proxy voting, by requiring plan fiduciaries to affirmatively determine, with respect to each proxy vote, whether the costs of voting the proxy were warranted by the pecuniary benefits of voting the proxy. We were concerned that this rule could have been interpreted to limit our ability to vote proxies that were not directly related to financial matters, even where those proxies could provide increased potential for positive returns. We submitted a comment letter to the DOL that highlighted the importance of voting proxies generally and requested that the DOL withdraw the prescriptive cost/benefit assessment. The final proxy rule eliminated this requirement.

ADVOCATED TO NASDAQ

Nasdaq proposed new listing rules that would require companies listed on Nasdaq to have, or explain why they do not have, at least two diverse directors, including one who self-identifies as female and one who self-identifies as either an underrepresented minority or LGBTQ+, and to provide certain standardized disclosures on their board composition with respect to gender and underrepresented minority representation. We submitted a letter to Nasdaq in support of this proposal, citing the research establishing the benefits of diverse boards and the value of increased disclosure of board diversity metrics to our investing process.

CONTRIBUTED TO US CFTC REPORT ON CLIMATE CHANGE

In September 2020, the US Commodity Futures Trading Commission (CFTC) released a new report from the Climate-Related Market Risk Subcommittee. This committee was comprised of 35 experts from a cross-section of industries including investment managers, insurance companies, and energy producers. Our Director of Climate Research, Chris Goolgasian, represented Wellington as one of the 35 members. The report consistently references transition risk and physical risks with a focus on increased disclosure and materiality.

Wellington's climate disclosure framework, P-ROCC, was utilized and referenced in the disclosure chapter.

PROVIDED PERSPECTIVE ON UN PRI ANALYSIS ON TAXONOMY IMPLEMENTATION

Also in September 2020, the PRI published its Analysis on Taxonomy Implementation (including policy recommendations) and 25 case studies. As a member of the PRI Taxonomy Practitioners Group, we provided our perspective on this analysis, including one of the 25 case studies. Participants included both EU-based and non-EU-based firms. Through their work over the past 12 months, this group developed a set of recommendations on how to approach Taxonomy implementation and potential improvements policymakers might consider to improve the Taxonomy.

Section 3: Culture of stewardship

PRINCIPLES 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12

Our belief in active management and our deep sector expertise across equity, credit, and ESG research are cornerstones of our investment platform and stewardship approach. It is our fiduciary duty to conduct deep research and ensure ongoing dialogue with the companies in which we invest. Our career industry analysts bring extensive knowledge of their industries. They develop long-term relationships with the companies they cover. We believe this fundamental research model positions us well for long-term constructive engagement because of the informed feedback we can provide. Through active ownership, we believe we can affect corporate behavior by encouraging what we consider best practices on material issues that may ultimately benefit our clients. Finally, we believe strongly in the importance of engagement alongside proxy voting as the levers we have as active managers to achieve our sustainability outcomes.

Empowered investment teams

PRINCIPLES 1, 6, 7

Our firm is organized as a community of investment boutiques — each with its own rigorously vetted philosophy and process. We do not have a single chief investment officer (CIO) making decisions on behalf of all clients. Rather, empowered investment teams are aligned directly with the outcomes they produce for their clients.

Ultimately, each portfolio team acts as a fiduciary for its clients. Differences in investment philosophy and process across teams mean that the way in which stewardship is incorporated into the investment decision-making process may vary across investment approaches. We believe this structure enables us to serve the best interests of clients.

Our culture emphasizes collaboration, meaning investors share their perspectives with each other in a variety of forums. This diversity of thoughts leads to constructive challenge and debate when considering the merits of the securities in which we invest on behalf of clients. As is consistent with our overall research platform, all sustainability and ESG research is available to portfolio managers to incorporate into their investment process as they see fit. Research is provided with a point of view as to the risks and opportunities in a given security, country, or sector. Below we provide case studies on a global equity approach and a global fixed income credit approach.

CASE STUDY: GLOBAL EQUITY SUSTAINABLE ESG APPROACH

This strategy has two, coequal objectives. The first is to outperform global equity markets by seeking to identify businesses with high returns on capital and excellent stewardship practices that can sustain those returns. The second is to target net-zero portfolio emissions by 2050 (in alignment with the Paris Agreement) by engaging with companies on committing to science-based targets. By 2030, 65% of the portfolio's assets are targeted to be invested in companies with net-zero targets; by 2040, 100% of the portfolio will be. As an interim milestone, the portfolio manager is committed to limiting the portfolio's contribution to climate change by targeting a carbon footprint (as measured by weighted-average carbon intensity) at least 50% less than the global economy, as referenced by the MSCI All Country World Index, by 2030.

The portfolio managers seek companies that they believe are already in a position of strength, with established competitive positions, identifiable business advantages, a pattern of improvement and innovation, and inspiring leadership committed to balancing the needs of all stakeholders. They focus on return on capital as a measure of success, looking for a track record of value-added returns over time and through cycles. They believe nurturing a company's valuable assets and intangibles in conjunction with responsible environmental stewardship are critical to long-term corporate resilience.

In the team's opinion, the best global stewards redeploy their free cash flow from high financial returns to further strengthen competitive positions, investing in stewardship activities that energize employees, customers, investors, and communities around a company's mission. This creates a bigger competitive moat and a more resilient business, supported by increasingly committed stakeholders. We believe that, as a result, high financial returns should be sustained, if not improved. Then the process repeats itself, again and again, further separating market leaders from competitors. The managers want to own these types of companies for a long time.

The team uses engagement to supplement their knowledge of companies and influence their long-term success. Regular conversations with management and with boards help the team assess companies' corporate culture, adaptability, responsiveness, and alignment of incentives with sustainable long-term targets. The team believes part of Wellington's fiduciary duty is to help ensure the success of companies we invest in on our clients' behalf, by providing feedback, supporting sustainable behavior, and holding company leadership accountable.

CASE STUDY: MULTI-SECTOR GLOBAL CREDIT PORTFOLIO

This portfolio aims to outperform a custom global aggregate corporate index by investing in debt issued by corporate, government, agency, and securitized issuers across the credit

spectrum, denominated in various currencies, and their exchange-traded and over-the-counter derivatives. The portfolio managers combine top-down analysis of global investment themes and specialist research on individual countries, currencies, and credit sectors with bottom-up corporate security selection.

The team believes systematically integrating ESG considerations is essential for limiting exposure to issuers that pose potential financial risk as a result of their failure to address material sustainability risks. To this team, this is another form of uncompensated risk. They also seek to avoid issuers with excessive ESG risk, regardless of valuations, to reduce exposures to potential value traps, just as issuers rated Sell by Wellington's credit analysts are excluded regardless of their valuations.

In some cases, the managers may avoid entire industries that have consistently failed to address material ESG risks. Companies in these industries may face regulatory action that could negatively impact bond values. The team also believes that increased client and regulatory focus on ESG risks may accelerate outflows of capital from companies and industries seen as causing material environmental or social harm.

The managers see active ownership through ongoing issuer engagement as critical for successfully encouraging issuers to transition their respective business practices toward more sustainable activities, thereby reducing sustainability risk for the portfolio. The team incorporates Wellington's proprietary research into portfolio construction, limiting exposure to issuers with below-average Environmental or Social ratings to only those whose valuations more than compensate for the risks identified.

As active owners, the managers believe engagement is best practice and will engage directly when material issues arise. In certain circumstances, it may be appropriate to reduce sustainability risk in the portfolio by excluding issuers resistant to Wellington's ESG engagements and providing capital to other companies actively transitioning to more sustainable business practices. Rewarding responsible transitions enables the portfolio managers to support improvement among industry laggards.

Oversight and responsibility

PRINCIPLES 3, 5, 11

INVESTMENT STEWARDSHIP COMMITTEE (ISC)

This group sets the strategic direction on stewardship across the firm, with a focus on proxy voting, engagement, and exclusions. The ISC comprises senior-level and experienced professionals from portfolio management, investment research, relationship management, and our legal and compliance teams. The ISC reviews and approves the firm's Global Proxy Voting Guidelines (Guidelines) and Engagement Policy annually and provides fiduciary oversight of the firm's proxy voting and engagement activity on behalf of clients. This includes collaborating with the ESG Research Team to evolve our approach to climate-related resolutions.

The ISC supports dialogue and debate on ESG issues, provides advice to investors on engagement, and reviews and approves collaborative engagement opportunities. Given that exclusions may prohibit engagement, this group also oversees our Global Exclusions Working Group (see below), identifying opportunities to help set companies on a path of inclusion. We balance this objective with our clients' interests in excluding specific economic activities from their portfolios.

Our **Global Proxy Policy and Procedures, Global Proxy Voting Guidelines, and Engagement Policy** can all be found on our website.

RESOLVING CONFLICTS OF INTEREST

As a fiduciary, we seek to place the interests of our clients first and to avoid conflicts of interest, including those that arise from voting or engagement issues. We have adopted and implemented policies and procedures that we believe are reasonably designed to manage conflicts if they arise in our stewardship activities. Potential conflicts may be resolved by voting in accordance with our published Guidelines. Alternatively, where the published voting guideline is case by case, where no published guideline exists, or where the proposed voting position is contrary to a published guideline, two disinterested ombudsmen from the ISC are appointed. Their role is to review the recommendations of the ESG Research Team, oversee any discussion or debate with respect to the proposed votes, and ensure that votes are executed solely in the best interest of our clients.

In practice, these conflicts are few, but the engagement of ombudsmen ensures a robust process and a clear documentation of decisions. For example, one of our investors chose to vote in favor of an over-boarded director at one of Wellington's property landlords and against the Guidelines on the advice of the ESG Team. The decision was referred to the ombudsmen for review, where it was determined that the director's outside responsibilities did not constitute over-boarding. Given the diverse representation this director brought to the board, the investor's vote was deemed a justifiable decision that was made in the client's best interest and was in no way influenced by Wellington's relationship with its landlord.

COMMUNICATION WITH COMPANIES AND STAKEHOLDERS

A substantial portion of our company research is informed by direct contact with company management and boards of directors. This is done virtually, in our offices, and through on-site company visits. We believe that we are better able to assess financial and nonfinancial conditions and business strategies of investee companies through collaborative efforts by our portfolio managers (PMs), industry research analysts, and ESG research analysts. Our investors hosted

more than 15,000 company meetings around the world in 2020. Maintaining this ongoing dialogue is central to how we implement our stewardship responsibilities and informs the investment choices we make on behalf of our clients. Please see our Engagement Policy for details.

PROPRIETARY ENGAGEMENT TRACKER

We recognize that different perspectives on engagement outcomes may arise from differences in asset class, geography, or time horizon. Our internal engagement tracker is a shared tool that investors can use to collaborate on engagement topics and determine accountability in the event of conflicts. All investors are invited to attend engagements through a central calendar, and the ESG Research Team often facilitates information-sharing from these engagements. Bringing asset classes together can provide company managements with transparency on the various stakeholder interests, including balance-sheet leverage, cost of capital, and returns. We believe that transparency helps ensure that all client interests on material engagement matters are heard.

In 2019, Wellington improved its engagement-tracking capabilities, creating a tool available to all investment teams to centrally log details of engagement meetings held, including topics, outcomes, and timelines for reviewing progress. In 2020, we revised the tool to meet our strategic aim of creating a well-integrated solution that allows teams to incorporate engagement information more easily into their process. Future improvements will include an enhanced interface; better calendar synchronization; fully integrated team-based tracking; and augmented notification, search, and reporting capabilities. We also believe this tool will facilitate easier tracking of the resolution or potential need for escalation of issues over time.

PROPRIETARY DASHBOARDS

In 2020, we also introduced a new portfolio-based Sustainable Investment/ESG reporting dashboard. The dashboard allows teams to view the ESG profile of a portfolio on a benchmark-relative basis. This is an aggregated view of ESG quantitative (ESG-Q) and ESG fundamental (ESG-F) ratings for accounts, portfolios, and equity and fixed income benchmarks, as well as a good governance screener, which allows investment teams to identify companies with poor or no governance ratings. Exposures are viewable both at the portfolio and sector levels. It also provides a view of issuer ESG ratings and commentaries, ESG ratings over time, and company engagement notes and outcomes.

The dashboard helps support portfolio management teams' ESG and sustainable investment research efforts by providing a single place for investment teams to view and understand the impacts of their active positions on the portfolio's overall ESG profile. Additionally, the dashboard is leveraged by product management teams to answer clients' portfolio-level ESG and sustainability questions. The next iteration of the dashboard will include portfolio- and issuer-based views of the corporate carbon footprint, sovereign carbon footprint, sovereign ESG ratings, climate ratings (engage/do not engage), and common exclusions. The intent of these dashboards is to catalyze deeper engagement and research which may inform the portfolio construction process. For more detail on our proprietary dashboards, please see the **Wellington Management 2020 Climate Report**, which can be found on our website.

Alignment with clients' stewardship and investment policies

PRINCIPLE 6

We partner with our clients to understand their stewardship and investment policies and how we can best adhere to them. We communicate and agree in advance how we will meet each client's unique requirements and discuss any elements of their policies that we cannot adhere to. Once we begin managing assets on their behalf, we want to manage them in alignment with our mutually agreed approach.

Many of our mandates have socially responsible investment (SRI)-related guidelines or exclusion policies. This includes assets with exclusion policies or pre-agreed guidelines. We have helped several clients develop investment "screens" or holistic approaches that seek to achieve specified investment goals while complying with the restrictions.

These client SRI issues extend across a broad range of social concerns including coal, tobacco, gambling, alcohol, weapons, pornography, and labor issues, as well as specifically flagged countries. Our internal systems contain the rules applied to each account and these are tested by our compliance screening processes. Compliance screening can be performed on a pre-trade basis, in an overnight post-trade process, or both. Each client account's guidelines are input into the monitoring systems.

GLOBAL EXCLUSIONS WORKING GROUP

In 2020, requests for exclusions increased across portfolio types and clients. To respond to these demands, we formed a Global Exclusions Working Group. Reporting to the ISC, this group develops WMC's investment exclusion and engagement recommendations related to specific categories of economic activity of concern to our clients. Our first action was to develop our charter and a baseline policy. This policy is approved by the ISC and is revisited as changes are made. The policy is a living document and will be reviewed, revised, and approved at least annually.

As a research organization with thousands of touch points with company management, we believe we can develop a more informed approach to exclusions rather than solely relying on revenue-based measures available from third-party research providers. We believe this new approach will enable us to reward companies that are responsibly transitioning from controversial

activities (e.g., coal mining) by continuing to provide capital that will support transition while also supporting our clients' preferences for eliminating exposures they no longer want in their portfolios. Clients will continue to have a choice on the implementation of their exclusion priorities; however, we believe there will be many who appreciate the nuance which may be achieved with a forward-looking, research- and engagement-led approach.

CLIENT COMMUNICATIONS AND REPORTING

We publish a quarterly ESG research update that outlines the current areas of priority for firmwide engagement. On client-portfolio specifics, as part of our standard ESG reporting, we share details on the stewardship activities on holdings in each portfolio. On client-portfolio specifics, we make available, as part of our standard ESG reporting, details on the stewardship activities on holdings in each portfolio. We include information on ESG ratings and carbon emissions, and our standard ESG report identifies holdings on which we have engaged. We also have standard reporting that we can share with clients on the voting record for the securities held in their portfolio. For each vote, the report includes the Proposal, Proponent, Management Recommendation, and For/Against Management result. Our ESG and voting reports can be run monthly or quarterly. Because clients have different reporting requirements, we also work with clients on their specific templates to provide the information they require.

We have regular interactions with clients and respond to their feedback. In addition to reporting on proxy voting, for example, some clients now require additional detail on broader stewardship and engagement activities. To respond to this, we leverage our proprietary engagement-tracking tool that allows us to share more portfolio-specific reporting on engagements. Finally, we also monitor regulations in the jurisdictions where our clients operate to stay abreast of impending changes that may impact their requirements for reporting on stewardship and engagement.

Implementation

PRINCIPLES 1, 3, 10

ORGANIZATIONAL LEADERSHIP

The implementation of sustainable investment principles and ESG factors into our research and investment processes and the communication of those efforts to all of our stakeholders requires a firmwide, cross-functional approach. To meet these obligations, we recently established new groups, including a Sustainable Investment (SI) Leadership Team and a Regulatory and Third-Party Working Group, dedicated to meeting the specific needs of external stakeholders.

The groups were established to provide cross-platform leadership with the mission of improving client outcomes and enabling the firm to capture the rapid growth in sustainable investing around the world by mobilizing resources, evolving infrastructures, and enabling the incorporation of ESG considerations into every element of our business. The groups operate along six pillars, each led by a different working group: Research, Investment oversight, Client expectations and requirements, Commercial product platform, Brand development and content, and Firm/Corporate strategy (**Figure 1**).

Additionally, we've identified two critical initiatives that cut across the six pillars: cross-pillar execution strategy and regulatory and third-party assessment. Specific goals and measurements of success are defined across each of these strategic areas and firm updates are provided on topics that impact external messaging and product strategy.

Importantly, regulatory and third-party assessment is a critical need with acute short-term goals. As a result, we have launched a dedicated working group whose mission is to interpret, integrate, and implement global SI regulations and industry/client directives across Wellington. The working group assesses gaps and recommends cross-functional solutions in order to comply with all SI regulatory and industry/client directives in accordance with various jurisdictions and deadlines. Workstreams report to the working group and are charged with ensuring that regulatory, industry, and client deadlines are met efficiently, effectively, and holistically across global regulations and industry and/or client directives.

FIGURE 1: KEY PILLARS OF OUR SUSTAINABLE INVESTMENT PLATFORM

Key pillars	Research	Investment oversight	Client expectations and requirements	Commercial product platform	Brand development and content	Firm/Corporate strategy
Mission	Provide differentiated research to support investment decisions	Ensure SI research is embedded into portfolio management	Provide real-time market perspective on client needs and expectations for products, positioning, and reporting	Support strategy-level SI integration and development of new strategies	Promote thought leadership	Strive for best-in-class internal practices

ENGAGEMENT

Engaging with company management and board members is essential to our stewardship and fundamental research process. Whereas company filings and reported ESG data reflect the past, engagements help us understand and assess a company's future direction and how we may be able to positively influence that. Our engagements involve members of Wellington's equity, credit, and ESG research teams, as well as investors who own or are interested in owning the security. We believe that including multiple perspectives in these meetings enriches our dialogue with companies and can lead to differentiated insights. For more details, please see Section 4.

Our approach to proxy voting

PRINCIPLES 1, 2, 3, 8, 12

Upon a client's written request, Wellington votes securities that are held in the client's account in response to proxies solicited by the issuers of such securities. Where clients have delegated proxy voting authority or when they are invested in a pooled fund sponsored by a Wellington entity, clients are unable to override Wellington's guidelines or influence voting. These guidelines are based on Wellington's fiduciary obligation to act in the best interest of its clients as shareholders. Hence, Wellington examines and votes each proposal so that the long-term effect of the vote will ultimately increase shareholder value for our clients.

Because ethical considerations can have an impact on the long-term value of assets, our voting practices are also attentive to these issues, and votes will be cast against unlawful and unethical activity. Further, Wellington's experience in voting proposals has shown that similar proposals often have different consequences for different companies. We may refrain from voting when the cost of voting outweighs the value of the vote. For example, we typically do not vote in share-blocking markets, where countries impose trading restrictions or requirements regarding reregistration of securities held in omnibus accounts in order for shareholders to vote a proxy. Portfolio managers may specifically request that their shares be reregistered and locked up so they can exercise voting rights on their clients' behalf. The consequences of such requirements — including the potential impact on liquidity — are evaluated on a case-by-case basis when determining whether to vote such proxies.

Each year after the voting season is complete, the ESG Research Team analyzes the voting activity from the season and reports its findings to the ISC. This is an opportunity to assess the implementation of the voting policy and guidelines and raise suggestions for policy updates as needed. Recommended revisions to the Guidelines are often the result of this review. Following a recent ISC meeting, we expanded our diversity policy to include race/ethnicity and will be focusing our voting policy on these aspects of diversity in the 2021 voting season. The effective functioning of operational controls in the voting process is also assessed each year after the season and may lead to process enhancements where opportunities to strengthen the control environment are identified.

While Wellington undertook a partial audit of the operational controls around voting in 2020, we did not engage in an external or internal assurance of our stewardship activities. We rely on robust internal governance processes and oversight that are intended to ensure the integrity of our stewardship activities and our reporting. In 2020, we expanded our Sustainable Investment Team by adding a COO of Sustainable Investment, a policy manager, and a dedicated business manager of Sustainable Investment. In 2021, we plan to hire two additional roles to focus on engagement and proxy oversight: a stewardship manager and a proxy operations manager. Our external reporting of stewardship and voting results is conducted by the Sustainable Investment Team with the voting data that is prepared by and reported to the ISC together with the data from our internal engagement activities. We believe transparency on voting increases accountability. In 2020, we also took the decision to increase voting transparency. In 2021, the addition of new staff focused on stewardship and proxy operations will improve our ability to extend our efforts in this area. As such, we will begin publishing all proxy voting on a quarterly basis on our website.

WRITTEN CONSENT

For our private investments, we take a different approach to voting than in the public markets. Private portfolio companies ask for written shareholder consent on issues such as board composition and capital allocation. At Wellington, written consent proposals are first reviewed and considered by our Legal and Enterprise Risk Team before being evaluated by the private portfolio management team. With the addition of a Director, ESG, Private Investments in 2020, and additional team expansion planned for 2021, we continue to enhance our stewardship efforts by combining our company engagement and written consent actions within one technology platform.

COLLABORATION

Building off our Guidelines, all significant votes are evaluated through the lens of those Guidelines and the unique circumstances of the issue and the company. This process allows us to deliberate on the vote presented in the context of general best practices and in concert with specific nuances related to the company and issue. Our bias is to vote alongside our Guidelines; however, we believe our clients benefit from the informed views of our ESG Research Team and Global Industry Research Team, who follow these companies for years. As such, proxy proposals are evaluated on their merits, with the ESG Research Team recommending to portfolio managers a specific stance regarding voting for proposals.

The goal of these recommendations is to promote the positive effect on shareholder rights and/or the current or future market value of the company's securities. The team provides recommendations to each portfolio manager, who then makes

an independent determination for their client portfolios, absent a material conflict of interest. Consistent with our community-of-boutiques model, portfolio managers occasionally arrive at different voting conclusions for their clients, resulting in a split decision for the same security. Our pre-vote deliberation and process align with our role as active owners and fiduciaries for our clients.

Wellington encourages clients to delegate voting authority to benefit from our voting research, expertise, and engagement. Where proxy voting authority has been delegated to Wellington, we vote proxies based on our policy and procedures. Our Investment Research Group monitors regulatory requirements with respect to proxy voting and works with the firm's Legal and Enterprise Risk Team and the ISC to develop practices that implement those requirements. Day-to-day administration of the proxy voting process is the responsibility of Investment Research.

From time to time, conflicts of interest may arise and we aim to identify and resolve all material, proxy-related conflicts of interest in ways that are in our clients' best interest. Our broadly diversified client base and functional lines of responsibility help to minimize the number of potential conflicts of interest in relation to stewardship, though they cannot prevent such conflicts entirely. We have adopted and implemented policies and procedures that we believe are reasonably designed to manage conflicts if they arise.

MONITORING SERVICE PROVIDERS

Our proxy teams, with policy and guideline oversight from the ISC, have developed frameworks to ensure that we vote proxies received in a timely manner consistent with our stated proxy voting policies. We have contracted with multiple third-party proxy managers. One is a vendor for reconciliation services to ensure that we receive all proxies that we are able to vote, and the others are for research and cross-referencing for accuracy and completeness. These controls and vendor relationships are overseen by our ESG Research and Proxy Support teams. On a biweekly and monthly basis, Wellington reviews ballot reconciliation reports to ensure that accounts with proxy voting rights are correctly set up and that we are appropriately voting on behalf of our clients. Finally, we review proxy voting reports as generated by the vendor to ensure votes cast are executed and records are kept. On an ongoing basis, Wellington scores the relationship against a handful of KPIs ranging from service level to timeliness of research delivery.

Where appropriate, Wellington conducts a due diligence review of new third-party service providers and existing third-party service providers when any new services are added. The degree and frequency of due diligence performed will be commensurate with the level of risk and complexity of the relationship (as assessed internally by Wellington's Third-Party Risk Team). Enhanced due diligence will be conducted on third-party vendors that will be involved in critical activities or have access to nonpublic data. This due diligence may include review of the following: client references, background checks, business experience and reputation, insurance coverage, staff turnover, information and physical security controls and practices, disaster recovery and business continuity, financial solvency, risk management, and compliance governance. In addition, operational site visits may be performed. For our larger providers, consolidated scorecards focusing on performance, systems/technology, and client service may be completed.

USE OF PROXY ADVISORS

Wellington uses a third-party voting agent to manage the administrative aspects of proxy voting. The voting agent processes proxies for client accounts, casts votes based on the Guidelines, and maintains records of proxies voted. The ISC establishes a custom voting policy to help us achieve our clients' investment objectives, defining locally contextualized practices that we believe promote long-term shareholder value. On the basis of this custom policy, our voting agent processes proxies for client accounts, casts votes based on our Guidelines, and maintains records of proxies voted. Mapping company practices to our custom policy enables us to identify cases where we need to conduct more in-depth analysis, seek more clarification, and share our feedback directly, rather than rely on the vote alone. Wellington complements the research received by its primary voting agent with research from another voting agent.

SECURITIES LENDING

Because clients typically operate their own securities lending program, Wellington may not have insight into which securities have been loaned at a given time. Efforts to recall loaned securities are not always effective, but in rare circumstances, Wellington may determine that voting would outweigh the benefit to the client as a result of the use of securities for lending. This may lead us to recommend that a client attempt to have its custodian recall the security to permit voting of related proxies.

SHARE BLOCKING AND REREGISTRATION

Certain countries impose trading restrictions or requirements regarding reregistration of securities held in omnibus accounts in order for shareholders to vote a proxy. The potential impact of such requirements is evaluated when determining whether to vote such proxies.

PROXY VOTING GUIDELINES

We base our Guidelines on our fiduciary obligation to act in the best interest of our clients as shareholders. We examine and vote each proposal so that the long-term effect of the vote may ultimately increase shareholder value for our clients. Similar proposals often have different consequences for different companies. While we craft the Guidelines to apply globally, variations in local practice and law make universal application impractical. We evaluate each proposal on its merits, considering its effects on the specific company in question and in relation to its industry and geography. In Japan, for example, we rely more

on voting rather than engagement escalation due to cultural norms. Wellington reserves the right in all cases to vote contrary to the Guidelines where we believe doing so represents the best interest of our clients. Our Guidelines offer specific guidance on our voting biases on a range of issues, including:

- Board compensation and role of directors, board independence, board diversity, director attendance and commitment, majority vote on election of directors, contested director elections
- Compensation alignment, transparency, structure, and accountability
- Approving equity incentive plans including employee stock purchase plans, non-executive director compensation, severance arrangements, and clawback policies
- Audit quality and oversight
- Shareholder rights plans, multiple voting rights, proxy access, special meeting rights, and mergers and acquisitions
- Capital structure and capital allocation, increases in authorized common stock, capital allocation (Japan)
- Environmental and social issues such as climate change; corporate culture; human capital; diversity, equity, and inclusion; stakeholders and risk management; human rights; and cybersecurity

We regularly review our policies and update these topics to ensure we are acting in the best interests of our clients.

Section 4: Engagement philosophy, approach, and examples

PRINCIPLES 6, 7, 9, 10, 11

Consistent with our firm's tenet of "client, firm, self," we adhere to a client-first philosophy that encompasses our fiduciary duty to them and guides our stewardship approach. Engaging on fundamental and material ESG issues broadens our investment perspective and, in our view, helps us deliver better outcomes for our clients. We advocate on our clients' behalf and promote leadership on ESG best practices because we believe sustainable investing does not end with an investment decision. Through engagement, we aim to better assess ESG risks and opportunities and influence corporate behavior in ways that promote best practices and unlock long-term value.

Clients first: Aiming to maximize value

PRINCIPLE 6

The goal of our stewardship activities — engaging with companies and voting proxies on our clients' behalf — is to support decisions that we believe will maximize the long-term value of securities we hold in client portfolios. In addition, we believe our engagement on climate issues can raise awareness and build resilience to this important systemic risk. While this is consistent across geographies, the mechanisms we use to implement our stewardship activities vary by asset class. Engagement applies to all of our investments across equity and credit, in private and public markets. (Proxy voting applies only to public equities.)

Engagement priorities are shaped by PMs, sector experts, the ESG Research Team, and the ISC to ensure they are relevant and material to the company in question. Engagements may include discussions on capital allocation decisions and long-term strategy, encouragement for greater transparency through improved disclosure requests for targets around environmental or social topics, or a deeper understanding of a company's culture. Engaging with company managements and boards plays a critical role in helping to identify, understand, and appropriately consider investment risks and opportunities and to hold companies to account.

Through these engagements, we seek to gain differentiated insights, develop productive ongoing dialogue, and impact company behavior. We actively track our engagement objectives and monitor for changes in practices or disclosures. As we strive to be good stewards to all our portfolio companies, we also strive to engage proactively with positive outliers to hear about emerging best practices in a particular industry, which helps us provide better feedback to other companies in the sector when we engage on the same topic.

Multidisciplinary engagement

PRINCIPLES 6, 7

COLLABORATION AND COMMUNICATION

Each investment team draws on the firm's resources to prioritize ESG integration and regular engagement. The decision to hold or exit an asset is made through the lens of a team's investment philosophy and process and in line with the investment time horizon of clients. We believe that this bottom-up, collaborative approach drives client-level focus on the most material issues and is in the best interest of our clients.

At the heart of our engagement philosophy is our desire for deep, productive, and ongoing dialogue with all our portfolio companies. Investors join together to host thousands of company meetings a year. Current and potential owners of a security collaborate with our global industry analysts (GIAs), credit analysts, and ESG Research Team to drive the agenda of these meetings, raising the most material strategic, financial, and ESG topics for discussion. This combined knowledge base of sector landscape, governance best practices, and thematic areas like climate change helps focus engagements on companies' long-term resiliency and adaptability. These engagements help us better understand a company's view, encourage respectful debate, and are a means of fostering accountability.

INTEGRATION OF OUR ESG RESEARCH TEAM

Prioritization of stewardship activities is a bottom-up process requiring numerous inputs, including firm ownership and materiality of industry- and company-specific risks. The ESG Research Team is an active contributor to this process through their fundamental research, their ESG ratings, and the escalation of proxy voting concerns. In certain instances, low annual general meeting support from shareholders in the prior year is a flag for engagement. In particular, we seek to understand whether the board has been receptive to shareholder feedback and made substantial changes to improve the proposal in question.

The ESG Research Team, working directly with investors, seeks to identify holdings with the greatest ESG risks and opportunities. This conversation often leads a portfolio manager to engage further to potentially influence behavior. Working with management and boards of directors, we seek to monitor investee companies, gain differentiated insights, develop productive ongoing dialogue, and impact company behavior. In addition to the objectives established for specific company discussions, our ESG Research Team and ISC set stewardship objectives relevant across companies and sectors for the coming year.

The ESG Research Team also conducts portfolio reviews with equity and fixed income portfolio managers. This work can influence a team's engagement prioritization, prompt proactive dialogue with companies, and communicate engagement priorities to individual investment teams. While these resources guide the engagement process, our empowered investment teams engage directly with company management and boards, based on considerations material to their investment process.

BOARD ENGAGEMENT

Communicating with boards of directors on behalf of our clients has long been a part of our research process, as it is an effective way to enhance discussions about long-term, material issues. Conversations complement our ongoing discussions with management teams and provide a lens to assess a board's effectiveness and competence, which is challenging to do using company disclosures alone. In our view, the most productive engagements with boards occur outside of proxy voting season, when we can solicit their views on strategic plans, including human capital management — from C-suite succession planning to corporate culture — and other risk-management issues. We seek to understand how the board is collaborating with management and how it delineates responsibilities. We look for indications that directors foster healthy debate in the boardroom, develop constructive relationships with management, and challenge the team where appropriate. In 2020, board engagements comprised more than a quarter of our ESG-focused discussions. With more directors becoming accustomed to these interactions, we expect this work to remain central to our investment stewardship and ESG research process.

ENGAGEMENT AND ESCALATION METHODS

We mainly use phone calls, online and in-person meetings, proxy vote decisions (at annual general meetings and special meetings), collaborative engagements through industry organizations, and private letters to boards to engage on ESG topics.

We may send letters privately to boards after accounting for the company's responsiveness to past feedback. In these letters, we may express our views on a number of issues, from board composition to capital allocation. Most letters are drafted by one or more portfolio managers holding the company's securities. An ESG analyst facilitates the review process by the ISC and coordinates with each of the other portfolio managers about their intention to sign on to the final version of the letter on behalf of their clients.

In very limited circumstances, a component of our escalation strategy may include taking a public stance. This determination is made with regard to a number of factors, including our overall ownership, conviction on the issue, and likelihood of success through private dialogue. While sharing our views publicly is a tool we may use seldomly, it does not change our overall investment model or company engagement approach, which is generally to engage privately with investee companies to encourage openness in a constructive and lasting dialogue.

Engagement and escalation methods may be used in any combination, depending upon portfolio managers' assessment of what is most constructive and commensurate with the severity of an issue. Escalation is ultimately coordinated between the ESG Research Team, GIAs, and portfolio managers and is always based on materiality and grounded in informed fundamental ESG ratings and analysis. Escalation may include an objective for increased disclosure or changes in governance practices. The priority for engagement includes inputs from ESG analyst ratings and notes along with input from the Climate Research Team on whether or not to engage. At every step of the escalation process, each portfolio manager is welcome to be as involved in our engagement approach as he or she determines is appropriate with respect to the strategy's philosophy.

Some engagements may be narrow, as in the engagement on impact strategy KPIs, or broadly applicable across all asset classes, including engagements on topics like the energy transition, undertaken directly by Wellington or in collaboration with broader industry initiatives. A portfolio manager with a longer-term investment horizon may be more willing to engage in escalation than a portfolio manager with a higher-turnover strategy. Technology is an essential element to managing progressive escalation of issues throughout the life cycle of an issue. Engagement takes time and resolution often comes over time. Tracking these issues through time will enable us to evaluate the appropriate escalation measures whether through engagement, voting, or reductions in positions.

Our involvement in collaborative engagements is generally limited to issues that we believe present systemic risk, and where we view the collaborative engagement process as complementary to our ongoing private dialogue. Portfolio managers with significant holdings bring credibility and rigorous research to these engagements with management teams and boards. To date, our participation has been through industry organizations, including The Investor Forum and Climate Action 100+. For more detailed information on our climate engagement efforts, please see the **Wellington Management 2020 Climate Report**, available on our website.

Wellington's fixed income credit analysts, in partnership with our syndicate desk and portfolio managers, regularly engage with companies and sell-side banks to discuss and provide feedback on prospectus documents and deal terms. Specifically, credit teams are focused on making sure that the credit covenants within a deal provide adequate protection to bondholders. For example, as bondholders lending to an investment-grade-rated company, we look to make sure there are change-of-control provisions in case of a downgrade to high yield, which we view as being more supportive of a sustainable, long-term business

model. Similarly, we may request coupon step-ups for bonds that are rated at the lower end of the investment-grade range, again to protect in the case of downgrade. Finally, we may request restricted payment covenants for issuing entities that are owned by a highly levered holding company, in order to preserve the sustainability of the issuer. For our impact portfolios, we have also engaged with issuers to discuss coupon step-ups and sustainability targets for new types of "green" deal structures.

PRIVATE INVESTING

We believe strong ESG practices can also help private companies improve financial returns, establish stronger brands and wider competitive moats, draw a broader pool of investors post-IPO, and reduce the risk of being a target of shareholder activism. We seek to help private company management teams and boards navigate the complex and constantly evolving ESG landscape by sharing our experience and perspective, especially as they prepare for an IPO. Our goal is to be a thought partner to private companies. We hope to establish a productive two-way dialogue and draw on our firm's broad public and private equity, fixed income, and ESG expertise to offer companies an informed, long-term view and provide valuable market and company-specific input. We believe this will become increasingly critical to private companies, especially as they approach the public markets.

Company examples

PRINCIPLES 9, 10, 11

The following examples were chosen to demonstrate multiple forms of stewardship, broad involvement from investors across asset classes and regions, and a range of engagement outcomes. Examples were selected from the firm's list of most significant outcomes as a result of engagement and voting activity during 2020 and were chosen based on their ability to best demonstrate our engagement and voting policies in action in accordance with our European disclosure requirements. (See Section 5: 2020 engagement and voting activity.) We define "significant" outcomes as those where our voting authority or engagement activity influenced the outcome of a vote or the behavior of a company in the interests of its shareholders, and those that are not procedural in nature. We continue to develop our engagement tracking tools to enhance research and integration, as well as client reporting.

AMERCO

Primary topic: Diversity

We believe that boards create shareholder value by appointing qualified directors with a wide range of perspectives, and who can counsel management teams on major strategic decisions. We think diverse boardrooms are essential as companies are navigating increasingly complex issues. While gender is just one of many aspects of diversity, we engaged Amerco to encourage the election of a female director to their board of directors.

Method: Letter writing, voting

The ESG analyst drafted a letter to Amerco encouraging them to address the issue of gender diversity on the board. This letter was signed by Wellington CEO Brendan Swords to emphasize how much board diversity matters to Wellington.

Detail: The letter encouraged Amerco to address the issue of diversity on their company's board as their boardroom does not include a single female director. We made it clear that we do not presume to know the variety of views that each director currently brings to the board meetings, but from a shareholder's perspective, the absence of women on the board is noticeable. No boardroom should be comprised of directors from a single industry. Consequently, while some industries have a relatively small number of women in senior roles, we expressed that we are generally unpersuaded by the contention that a board cannot find qualified female directors.

Outcome: Company changed practice

After writing the letter and voting against the board at their annual meeting, Amerco elected a female director to the board.

Status and reflection: Completed

AMERICAN ELECTRIC POWER

Primary topic: Climate change

As a member of the NZAMI, Wellington seeks to demonstrate progress on carbon reduction. We hope to engage with portfolio companies and set interim targets to accelerate decarbonization to bring our portfolios into compliance with a 1.5-degree scenario. The confluence of rapidly changing policies around restricting investment in coal and improving data availability to identify leaders and laggards is leading to considerable shifts in capital flows.

Method: Engagement with board

Following an engagement call with the board in which we expressed our views about the importance of detailing a net-zero 2050 plan, the GIA and ESG analyst sent a follow-up email highlighting recent policy changes and potential impacts on their buyer base.

Detail: As European regulations take hold and new tools that provide transparency become more widely available, we believe one of the implications will be a narrowing of the buyer base for AEP stock and debt. We believe companies that are pivoting their strategy to a more aggressive build-out of renewables will be able to retain broader investor interest and support their multiples. Given the new US administration's focus on incentivizing carbon-free technologies, we believe AEP can get to net-zero carbon by 2050. Should the new policy landscape

lead to some form of carbon tax, we also have some concern that AEP's coal-heavy generating mix could lead to higher rates for their customers. We appreciate that they have a social obligation to keep the lights on at an affordable price, but having data around the lowest-cost and lowest-carbon option under various scenarios would provide assurance to the market and, importantly, to regulators, politicians, and community members, that AEP has considered a range of options and identified the optimal trade-off.

Outcome: Company changed practices

We encouraged showing different carbon-reduction alternatives alongside the cost of alternatives as an approach when AEP tackles this topic with its many stakeholders. In a follow-up call with the board, we shared our perspective on the benefits of including ESG measures, particularly related to climate. We subsequently learned that the long-term compensation plan will include progress toward the carbon-reduction goals. We believe this indicates a recognition that aligning executive pay with climate goals is a critical step in moving toward carbon neutrality.

Status and reflection: Ongoing

We will continue to engage with AEP on this topic and encourage a more rapid shift toward net zero by 2050 or sooner.

BARCLAYS

Primary topic: Climate change

Barclay's balance sheet and business mix has material exposure to the oil and gas sector. In our view, Barclays had an opportunity to engage more deliberately on climate risk incorporating recommended climate stress tests to assess it's vulnerabilities related to the financing of higher carbon-emission businesses. We believe this is a material business issue that may result in growing investor and agency pressure to align with the Paris Agreement.

Method: Collective engagement

We participated in a collective engagement with Barclays, conducted by the Investor Forum on behalf of our equity and debtholders in Barclays. This was a unique opportunity to collaborate with peers, augment our voice, and influence a stronger call for leadership response from Barclays. It was a chance to represent the interests of our long-term debtholders in Barclays in encouraging responsible climate risk assessment by the bank.

Detail: The purpose of the collective engagement was to encourage Barclays to produce its own statement of ambition around climate change, including a commitment to develop tools to measure climate impact. This followed an earlier resolution led by responsible investment charity ShareAction in January encouraging Barclays' board and leadership to be more proactive on climate risks. In the 2020 annual general meeting (AGM), Barclays presented its own climate-focused shareholder resolution alongside the ShareAction proposal. Barclays' own proposal achieved 99.9% support in the May AGM. This was a unique opportunity to encourage corporate engagement on behalf of debtholders while avoiding a proxy battle.

Outcome: Company changed practices

We believe that Barclays is now on a constructive path to assess and engage on climate risk. The bank has set a commitment to be a net-zero bank by 2050, including all Scope 3 emissions from financed activities. The company has moved from being a laggard to being a thought leader on climate change. The group provided more granularity on their climate strategy in 2020. We will continue to assess their progress and ensure continued progress on their climate ambitions.

Status and reflection: Ongoing

Through collective engagement, Barclays was able to appreciate the support that ShareAction's proposal would garner if no proactive action were taken by the banking group. This allowed Barclays to engage and lead with its own proposal, avoiding a proxy battle. Barclays delivered a comprehensive climate strategy with specific targets and plans for regular reporting, meeting stakeholder demands. We will continue to monitor Barclays as it carries out its climate-risk commitments and enhanced disclosures, which are set to begin in 2021.

GOLD FIELDS

Primary topic: General ESG performance

We believe that understanding and engaging on fundamental and ESG issues material to each industry and company will broaden our investment perspective. Through engagement, we aim to better assess ESG risks and opportunities and influence corporate behavior in ways that promote best practices and unlock long-term value. Wellington values the opportunity to present material ESG issues to portfolio companies and encourages a continuous dialogue on change implementation.

Method: Engagement with board

In August 2020, the ESG analyst and the GIA were invited by the company to present to the board providing a shareholder's perspective on the company from both a fundamental and ESG perspective. We shared our research framework for the evaluation of material ESG issues in the sector and our view that the company is a strong ESG performer in the mining space.

Detail: Overall, we viewed Gold Fields as a strong ESG performer in the mining space and were able to offer recommendations to build on current practices. While the company had very detailed disclosures compared to its peers, there was room for improvement in the social impact of operations. We also discussed the benefit of bringing disclosures of material ESG metrics around carbon, water, and safety into the quarterly disclosures which would help drive discussion around strategy and demonstrate the company's hard work in 25 March 2021

these areas. We applauded recent sustainable investments related to an asset that has historically and disproportionately contributed to operational issues and ESG concerns like fatalities and carbon emissions.

Finally, we discussed how the successful partnership of internal business development and sustainability teams can improve capital allocation decisions and lead to better ESG profiles, as well support long-term shareholder returns. The board expressed its ongoing commitment to engage with shareholders.

Outcome: Company has committed to changing practices

In November, we had a follow-up engagement with the head of Group Sustainability, who shared the benefit of having board members hear from shareholders on ESG topics. The topics we covered reinforced supported by ideas in the management team, and were now incorporating them into their business practices. The sustainability and business development teams had now started a combined project to review internal and external opportunities for the group, incorporating an ESG lens into their capital allocation framework. The company committed to change and increased its understanding and information provided to shareholders. It also displayed renewed ESG priorities prominently in its 4Q 2020 results release. Recently, the company announced the approval of a solar project that will reduce group carbon emissions by 5.2%.

Status and reflection: Completed

We are encouraged with the company's progress, incorporating many of the topics discussed with the board into their day-to-day operations. By taking a leadership role within the industry to improve ESG outcomes, we believe these actions could help improve the company's performance and influence peers' practices.

JPMORGAN

Primary topic: Climate change

We believe capital market participants must manage a variety of risks, including those related to climate change. It is critical to have ongoing communications with companies about their management of climate risks and opportunities. Climate change poses a material risk across sectors and geographies, so understanding how companies assess and manage climate risk informs our investment selections for our clients.

Method: Collective engagement

The ESG analyst attended a group engagement call with JPMorgan with other investors, aside from regular one-on-one ESG engagements, to discuss the company's approach to climate change. Participating in a group call allowed us to see what other investors, who run the gamut on their level of outspokenness on climate change, had to say. This followed the company's announcement in October 2020 committing to net-zero financed emissions by 2050, in alignment with the Paris Agreement.

Detail: The ESG analyst viewed JPMorgan as having made significant improvements and moving from a laggard to a leader on climate change. The company has had past controversy related to climate as it has been the target of climate protests, had its lead director removed from the board for being a former CEO of Exxon, and had a shareholder resolution on climate change nearly receive majority support at its May 2020 general meeting. The net-zero announcement is positive as it addresses a major environmental risk and will help direct some scrutiny away from itself. However, JPMorgan remains a top financer of fossil fuels and their announcement on net zero lacks specific details and steps about how they will achieve it.

Outcome: The company has released a revised climate plan addressing many of the issues raised.

The call was productive and informative, allowing the ESG analyst to reevaluate the company's ESG score. The analyst ultimately decided to keep the rating the same until more progress on this topic is made.

Status and reflection: Ongoing

The ESG analyst will continue to engage with the company to encourage better disclosure and take measurable steps toward its net-zero initiative.

KINDER MORGAN (CLIMATE ACTION 100+ CASE STUDY)

Primary topic: Climate change

Kinder Morgan has lagged peers with respect to methane management practices, carbon reporting, and adapting their strategy to the energy transition. We believe this could negatively impact their long-term financial performance, reputation, and social license to operate.

Method: Collective letter writing

We participated in a series of calls with Climate Action 100+, and provided our input and were signatories to a letter sent to Kinder Morgan. This was an opportunity for the investment community to clearly spell out the steps we believe they should be taking and set the stage for a follow-up engagement call.

Detail: The objective of sending the letter to Kinder Morgan was to acknowledge steps they have already taken, including issuing Sustainability Accounting Standards Board (SASB)-aligned ESG reports, and to lay out the next critical actions for positioning themselves to navigate the energy transition. Chief among these are extending their TCFD reporting to include a 1.5-degrees scenario, describing the role Kinder Morgan will play in a low-carbon economy (including renewables, hydrogen, and renewable natural gas), and improving board oversight of climate strategy.

Outcome: Company has committed to changing practices

We believe a follow-up engagement with a board member will provide a good opportunity to put the asks of the letter in

context and explain the risks of failing to pivot quickly enough to the rapidly escalating demands for low-carbon energy solutions. We were pleased to see that the sustainability report that Kinder Morgan released at the end of October 2020 included a 1.5 – 2.0-degrees scenario. It also included multiple references to hydrogen and renewable natural gas, which the prior year's report lacked.

Status and reflection: Ongoing

The midstream energy space will play a critical role over the next 10 years, as natural gas will still be needed to provide stability to the grid and for heating purposes until there are advances in electric heat pump technology. However, it is critical that midstream players including Kinder Morgan address their poor records on methane management and look to find ways to "green" their gas infrastructure. We expect to continue our individual engagement on these topics with the company going forward.

LONGYUAN POWER

Primary topic: Climate change

We hope to drive discussions that incentivize longer-term performance measurement to better align climate time horizons with investor time horizons.

Method: Engagement with management, private letter writing to board

Wellington's GIA has had a long-standing dialogue with management, including on investor perception of the company's climate risks. After a discussion with the CEO/chair on the topic, the GIA, ESG analyst, and climate transition risk analyst drafted a letter to express our opinion about the company's minority ownership in coal-fired power plants. Upon review by ISC members and holders, we sent a private letter to the board to formalize our feedback.

Detail: The control and consolidation of the company's stakes in three coal-fired plants leads to a poor carbon profile relative to its peers, which is not consistent with the company's position as the largest renewable power generator in China. We explained three trends impacting the valuation of utilities: greater focus by global asset owners on climate risks, increase in data available to investors to assess the level and trajectory of carbon among portfolio holdings, and new regulations limiting investor interest in companies with no phaseout commitments for thermal coal plants. We encouraged the company to consider alternatives to maintaining these minority stakes to better align with its strategy and low carbon intensity of its electricity production.

Outcome: Companies considering changing practices increased understanding/information

The company has been receptive to our feedback and understands that its coal exposure has a disproportionate impact on its ability to capture an ESG premium relative to the earnings contribution from coal-powered generation.

Status and reflection: Ongoing

The ESG analyst and GIA sent a letter to the board in both English and Chinese to ensure a broad number of board members would be able to read the original document and understand the concerns we raised around their strategy with their coal plants. Wellington always brings a global perspective to our research and engagement efforts and will continue to engage with the board on these topics.

RIO TINTO

Primary topics: Heritage management, reputation

We believe that companies should properly assess potential impacts on their communities before making decisions. We pay attention to how a company treats its stakeholders and encourage disclosure of risk-management strategies that acknowledge their societal impacts. Rio Tinto damaged an aboriginal heritage site called Juukan Gorge in Western Australia during mining operations. Heritage risk had not been properly captured at the mine level, which prevented escalation to higher levels in the organization, including the board.

Method: Engagement with management and board

The ESG analyst and GIA engaged with Rio Tinto's management and board several times to discuss the decisions and events that led to the incident, outcomes from the board's review of the company's heritage management, and next steps for rebuilding the company's reputation and stakeholder trust. We also inquired about Rio Tinto's Sustainability Committee — which operates under the board of directors — to better understand how they approach community impact and their materiality weighting.

Detail: We believe an improvement in Rio Tinto's systems and data sharing, better integrating the views of heritage professionals in mine planning and streamlining communication between the company and traditional owners, could have helped prevent this incident. Crucially, it appears that the mine's general manager did not bear ultimate responsibility for the mining operation, and that information about the site's cultural importance had not been escalated. During our engagements, it became apparent that the Sustainability Committee has paid less attention to communities, relative to other sustainability issues, than their own materiality weighting suggests they should.

Outcome: Company changed practices

Following our engagements, the board committed to strengthen oversight in this area, including regular review of the company's heritage management system and the benchmarking of progress toward a more inclusive work culture. Since our last engagement, the board announced that the CEO and two other executives would be departing, along with the subsequent announcement by the chair and an independent director that they would not be standing for reelection, noting stakeholder concerns around accountability. In addition,

heritage management will be included as a component of management scorecards, which are linked to incentives. We asked the company to continue improving disclosure around compensation so that we can better assess alignment of management incentives with shareholder interests. We believe the board's actions are prudent and may help to rebuild stakeholder trust.

Status and reflection: Ongoing

We believe a failure of governance underpinned the decision not to reassess the Juukan Gorge mine plans considering information around the significance of the site. Our engagements were constructive, and we appreciate that Rio Tinto was receptive to our feedback. We will monitor the organizational response and ongoing impacts of the incident.

SHIMAO

Primary topic: Board composition

Since board responsibilities include overseeing execution and evaluating and compensating top management, we pay close attention to board composition, the committees that directors serve on, and their relationship with management. We encourage active board engagement and prefer when directors are not spread thin across several other company boards. We strategically use proxy voting to express these views without losing access to management and future constructive engagements.

Method: Engagement with board, voting

In May 2020, Shimao had two board members up for election, which prompted the ESG analyst to review overall board composition and structure. After raising a few concerns with the proposed directors, the equity research analyst engaged with the board to raise these concerns and gain insight into their thinking. Using the information from the ESG analyst and engagement with the board, we were able to make an appropriate voting decision.

Detail: Upon initial review, the ESG analyst recommended voting against the two directors. At the time, the board chair led the nominating committee and served on the compensation committee. Recognizing that he owned about 67% of the company, his role as the gatekeeper of new directors, and his ability to directly influence the pay of his son (who was the CEO), we took the view that the board chair was not safeguarding the interests of minority shareholders. The other director was considered over-boarded, as she sits on the boards of four other companies in addition to Shimao. In the engagement meeting with the board, the analyst highlighted both issues, and the feedback was very constructive. The CEO spoke to the company secretary after our call, and they began the process of responding to our concerns. Following the engagement, the analyst recommended not voting against the board chair, believing that it could constrain our future access to management, which could be counterproductive if we lost the opportunity to drive better behavior from them.

Outcome: Company changed practices

We ultimately voted for the board chair and against the other director up for election. In August 2020, Shimao announced changes to the board committees along with their 1H20 interim results. The executive directors, including the board chair, were no longer in any of the committees — the audit committee, the renumeration committee, and the nomination committee.

Status and reflection: Ongoing

The board changes were a good outcome and we believe our engagement played a constructive role. We will continue to engage Shimao on issues like over-boarding and hope to drive meaningful change in the future.

ZIMMER BIOMET

Primary topic: Company culture

Positive company culture and human capital management are crucial factors in a company's success.

Method: Engagement with board

The ESG analyst engaged with Zimmer Biomet's board in October 2020.

Detail: The company's culture is something to monitor closely given a negative trend in employee ratings, relatively low innovation spending compared to its peers, and the transition to a new CEO. The CEO is prioritizing this, however, and we acknowledge this is a longer-term process. In addition, the company has had product-quality issues in the past and a poor track record compared to other orthopedics players. We appreciate board-level oversight and look forward to improved disclosure. While the backgrounds of the board directors looked strong, we saw room for improvement.

Outcome: Increased understanding and information. Our ESG analyst came away from the engagement meeting understanding that Zimmer Biomet is in the early stages of improving culture and product quality. This, coupled with fundamental analysis, led some portfolio managers to reduce or eliminate their positions. We continue to engage constructively with the company on ESG matters.

Status and Reflection: Ongoing

SMALL-CAP US BIOPHARMACEUTICALS COMPANIES

Primary topics: Governance and disclosure

Good corporate governance practices can be a material predictor of success and are therefore a top consideration in our investment decision making. We believe that companies that embed good governance practices earlier on in their life cycles are better positioned for long-term success. In addition to implementing good practices, companies can improve the market's perception of them just by increasing disclosure — transparency builds trust.

Method: Letter writing

The health care and ESG teams collaborated on a letter sent to 51 small-cap US biopharma companies where we have significant ownership, to inform them of Wellington's views and expectations about governance best practice. We targeted these companies after finding through our previous engagements that they were often unaware of investor expectations, yet receptive to feedback. The communication was timed to allow companies to be proactive about the issues before proxy season.

Detail: The letter covered several topics including our views on board structure and composition, shareholder rights, executive compensation, annual general meetings, and voting. The proposed standards were relatively in line with what we have seen from our peers. While we acknowledge that small-cap companies may not be mature in their governance structure or available resources, expectations are rapidly rising. ESG considerations are becoming more important to the market and governance scores can impact companies' access to capital.

Outcome: Companies considering changing practices

We offered to engage further with the companies on next steps and governance evolution, acting as a resource and partner.

Status and reflection: Ongoing

We will continue to monitor these companies' governance practices and engage with them on the topic.

Section 5: 2020 engagement and voting activity

PRINCIPLES 9, 12

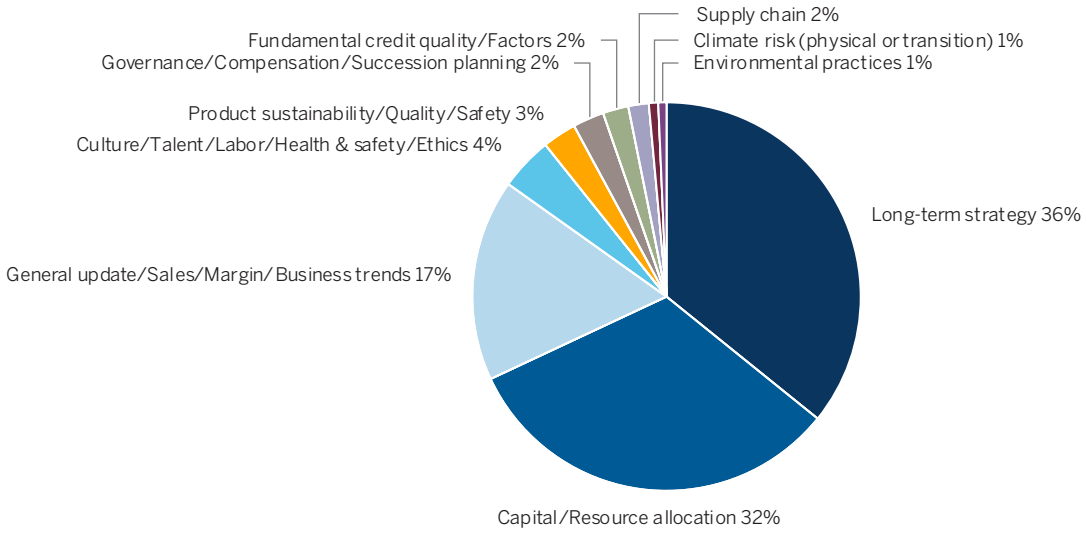
2020 Company engagements

PRINCIPLE 9

During 2020, we held over 15,000 meetings with companies, thousands of which included our equity, credit, and ESG analysts, as well as portfolio managers. We made substantial progress toward firmwide engagement reporting in 2020 and are enhancing and expanding our technology to enable us to report more easily on engagements and outcomes across our investment platform in 2021. As a firm, we discussed a wide array of topics with companies in 2020. Using the engagement tracking tool, we are now able to report on firm-level engagements.

For the purposes of this section of the report, we detail all company communications led by our ESG Research Team (see following page). In 2020, those engagements encompassed 427 companies across 37 countries. Of those 427 meetings, we met with board directors 189 times, up 4% from 2019. With the aim of ongoing communication, we often meet with companies multiple times throughout the year. We look forward to providing greater detail in future sustainability reports, including outcomes and progress toward outcomes.

FIRMWIDE 2020 ENGAGEMENT TOPICS



COMPANY LIST

Company Name	Sector	E	S	G
TWOU	2U Inc			•
MMM	3M Co		•	•
ETNB	89bio Inc			•
ABT	Abbott Laboratories		•	•
ABBV	AbbVie Inc		•	•
ABCA.L	Abcam PLC		•	•
ACN	Accenture PLC	•	•	•
ACCO	ACCO Brands Corp		•	•
ATVI	Activision Blizzard		•	•
ADNT	Adient PLC			•
WMS	Advanced Drainage Sy		•	•
AMD	Advanced Micro Dvcs			•
ADVM	Adverum Biotechnolog			•
AES	AES Corp/The	•		
AGCO	AGCO Corp			•
A	Agilent Technologies		•	•
AGIO	Agios Pharmaceutical			•
AIR.PA	Airbus SE		•	•
AKBA	Akebia Therapeutics		•	•
AKRO	Akero Thera Inc			•
ALCC.S	Alcon Inc		•	•
ARE	Alexandria			•
ALGS	Aligos Thera Inc			•
ALKS	Alkermes PLC		•	•
MDRX	Allscripts Healthcar			•
ALM.MC	Almirall SA		•	
GOOGL	Alphabet Inc		•	•
ALSO.PA	Alstom SA	•	•	•
ATCA.AS	Altice Europe NV	•	•	•
ALXO	ALX Oncol Hldgs Inc			•
AMZN	Amazon.com Inc	•	•	•
UHAL	Amerco		•	
AXL	American Axl Mfg Hld	•		•
AEP	American Elec Power	•	•	•
AMGN	Amgen Inc		•	•
AMN	AMN Healthcare Svcs		•	•
AMRX	Amneal Pharm			•
ANTM	Anthem Inc		•	•
APLS	Apellis Pharmaceutic		•	•
AAPL	Apple Inc	•	•	•
ARMK	Aramark	•	•	•
ADM	Archer-Daniels-Mid		•	•
AGX	Argan Inc			•
ASGN	ASGN Inc			•
AZPN	Aspen Technology			•
AGO	Assured Guaranty Ltd	•	•	
4503.T	Astellas Pharma Inc		•	
AZN.L	AstraZeneca PLC			•
BCEL	Atreca Inc			•
AGR	Avangrid Inc	•		•
BLL	Ball Corp	•	•	•

Company Name	Sector	E	S	G
BARC.DE	Barclays PLC	•		
BAWG.VI	BAWAG Group AG	•	•	•
BAX	Baxter International		•	•
BAYGN.DE	Bayer AG		•	
BCE.TO	BCE Inc			•
BESI.AS	BE Semiconductor NV			•
BDX	Becton Dickinson		•	•
BKGH.L	Berkeley Group Hldgs			•
BHPB.L	BHP Group PLC	•	•	•
BIOAB.ST	BioArctic AB			•
BIIB	Biogen Inc		•	•
BHVN	Biohaven Pharmaceuti			•
TECH	Bio-Techne Corp		•	•
BDTX	Black Diamond Thera			•
BKH	Black Hills Corp	•		
BLK	BlackRock Inc	•	•	•
BLUE	Bluebird Bio Inc		•	•
BNPP.PA	BNP Paribas SA	•	•	•
BA	Boeing Co		•	•
BCC	Boise Cascade Co		•	•
BXP	Boston Properties		•	•
BSX	Boston Scientific	•	•	•
BP.L	BP PLC	•	•	
BMY	Bristol-Myers Squibb		•	•
BT.L	BT Group PLC			•
BWXT	BWX Technologies Inc		•	•
CBT	Cabot Corp	•		•
CALA	Calithera Bioscience			•
CAH	Cardinal Health Inc		•	•
CATM	Cardtronics PLC			•
CARR.PA	Carrefour Sa	•	•	
CAT	Caterpillar Inc			•
CE	Celanese Corp	•	•	•
CLNX.MC	Cellnex Telecom SA	•		•
CNC	Centene Corp		•	•
CDAY	Ceridian HCM Holding			•
T2R84310	Cerved Group SpA		•	•
CF	CF Industries Hldgs	•	•	•
CCXI	ChemoCentryx Inc			•
CVX	Chevron Corp	•	•	•
CB	Chubb Ltd		•	•
SGOB.PA	Cie de Saint-Gobain			•
MICP.PA	Cie Generale des Eta	•	•	•
CI	Cigna Corp		•	
CSCO	Cisco Systems Inc		•	•
COHR	Coherent Inc			•
CHRS	Coherus Biosciences			•
CL	Colgate-Palmolive Co	•	•	•
CXP	Columbia Ppty Tr Inc	•	•	•
CMCSA	Comcast Corp	•	•	•
CPG.L	Compass Group PLC	•	•	•

Company Name	Sector	E	S	G
CXO	Concho Resources Inc	•	•	•
COP	ConocoPhillips	•	•	•
CNST	Constellation Pharm			•
Yum China Holdings	Consumer Discretionary	•	•	•
1093.HK	CSPC Pharmaceutical			•
CSX	CSX Corp			•
CVS	CVS Health Corp		•	•
DHR	Danaher Corp	•	•	•
DE	Deere & Co		•	•
DTEGN.DE	Deutsche Telekom AG		•	•
DGE.L	Diageo PLC			•
FANG	Diamondback Energy I	•	•	•
DRNA	Dicerna Pharmaceutic			•
BOOM	DMC Global Inc	•	•	
DG	Dollar General Corp		•	
D	Dominion Energy Inc		•	•
DEI	Douglas Emmett Inc			•
DOV	Dover Corp		•	•
DUK	Duke Energy Corp	•	•	•
DYN	Dyne Thera Inc			•
EONGN.DE	E.ON SE			•
ECL	Ecolab Inc	•	•	•
ECO.CN	Ecopetrol SA	•	•	•
EIX	Edison Intl	•	•	•
EW	Edwards Lifesciences	•	•	•
ELAN	Elanco Animal Hlth	•	•	•
EA	Electronic Arts			•
ESI	Element Solutions	•	•	•
LLY	Eli Lilly and Co		•	•
ENB.TO	Enbridge Inc	•		•
ENEI.MI	Enel SpA	•		•
YPF SA	Energy	•		•
ENGIE.PA	Engie SA		•	•
ENI.MI	Eni SpA			•
EOG	EOG Resources Inc	•	•	
EFX	Equifax Inc		•	•
EQIX	Equinix Inc		•	•
EQNR.OL	Equinor ASA	•	•	•
EQH	Equitable Holdings		•	•
EL	Estee Lauder Cos	•	•	•
EVBG	Everbridge Inc			•
ES	Eversource Energy	•	•	•
EXC	Exelon Corporation	•	•	•
EXPE	Expedia Group Inc		•	•
XOM	Exxon Mobil Corp	•	•	•
FB	Facebook Inc		•	•
6954.T	FANUC CORP	•	•	•
FDX	FedEx Corp			•
FIS	Fidelity Nat Info	•	•	•
FCNCA	First Citizens		•	•

Company Name	Sector	E	S	G
FMBI	First Midwest Bancrp		•	•
FSLR	First Solar Inc	•		
FIVE	Five Below Inc	•	•	
FIVN	Five9 Inc		•	•
FPRX	FivePrime Therapeuti			•
FLT	FleetCor Technologie			•
FLEX	Flex Ltd		•	•
FMC	FMC Corp	•	•	
FL	Foot Locker Inc	•	•	•
FTV	Fortive Corp			•
FCX	Freeport-McMoRan Inc			•
FREG.DE	Fresenius SE & Co		•	•
FRPT	Freshpet Inc			•
FPEG.DE	Fuchs Petrolub SE			•
GTHX	G1 Therapeutics Inc			•
GALP.LS	Galp Energia SGPS SA	•		•
GAZP.MM	Gazprom PJSC	•	•	
GD	General Dynamics	•	•	•
GIS	General Mills Inc			•
GM	General Motors Co	•	•	•
GBIO	Generation Bio Co			•
GMAB.CO	Genmab A/S		•	•
THRM	Gentherm Inc		•	•
GMA.AX	Genworth Mtge Insura	•	•	•
GILD	Gilead Sciences Inc		•	•
GLAO.PSX	Glaxo SmithKline Con		•	
GSK.L	GlaxoSmithKline Plc		•	•
GBT	Global Blood Therape			•
GMED	Globus Medical Inc			•
GDDY	GoDaddy Inc			•
GFIJ.J	Gold Fields Ltd	•	•	•
GS	Goldman Sachs Gp Inc		•	•
GMG.AX	Goodman Group	•		•
GBX	Greenbrier Cos Inc.			•
GWRE	Guidewire Software I			•
HAE	Haemonetics Corp		•	•
HNGR	Hanger Inc			•
1719.T	Hazama Ando Corp		•	•
HCA	HCA Healthcare Inc	•	•	
Zai Lab Ltd	Health Care		•	•
Zimmer Biomet Hldgs	Health Care		•	•
Zoetis Inc	Health Care	•		
HRTX	Heron Therapeutics I			•
HES	Hess Corp	•	•	•
HD	Home Depot Inc/The	•	•	•
FIXX	Homology Medicines			•
7267.T	Honda Motor Co Ltd	•	•	•
HON	Honeywell Intl Inc		•	
HST	Host Hotels & Resort	•		•
HPQ	HP Inc			•

Company Name	Sector	E	S	G
HUBS	HubSpot Inc		•	•
HUM	Humana Inc		•	•
HURN	Huron Consulting Gro		•	•
HYPE3.SA	Hypera SA		•	•
IBE.MC	Iberdrola SA			•
ITW	Illinois Tool Works	•	•	•
ILMN	Illumina Inc	•	•	•
IMGN	ImmunoGen Inc			•
INCY	Incyte Corp		•	•
INGA.AS	ING Groep NV			•
1801.HK	Innovent Biologics			•
PODD	Insulet Corp		•	•
INTC	Intel Corp	•	•	•
ITRK.L	Intertek Group PLC		•	•
INTU	Intuit Inc	•	•	•
ISRG	Intuitive Surgical		•	•
IONS	Ionis Pharmaceutical			•
IRWD	Ironwood Pharma Inc			•
ITRI	Itron Inc	•	•	•
JCOM	J2 Global Inc		•	•
JBHT	JB Hunt Trnsprt Serv	•	•	•
JBGS	JBG SMITH Properties			•
1963.T	JGC Holdings Corp		•	•
JBT	John Bean Technologi	•		•
JNJ	Johnson & Johnson	•	•	•
JCI	Johnson Controls Int	•	•	•
JPM	JPMorgan Chase & Co	•	•	•
BAER.S	Julius Baer Grp Ltd		•	
KALU	Kaiser Aluminum Corp	•		•
KALV	KalVista Pharmaceuti			•
KPTI	Karyopharm Therapeut			•
K	Kellogg Co	•	•	
KMT	Kennametal Inc		•	•
KW	Kennedy-Wilson Hldgs			•
KMI	Kinder Morgan Inc	•	•	•
KSP.I	Kingspan Group Plc	•		•
K.TO	Kinross Gold Corp	•	•	•
PHG.AS	Koninklijke Philips		•	•
KOS	Kosmos Energy Ltd	•	•	•
KR	Kroger Company	•	•	•
ROVI.MC	Laboratorios Farmace		•	
LW	Lamb Weston Holdings		•	•
LZB	La-Z-Boy Inc	•	•	•
LEA	Lear Corp	•	•	
051910KS	LG Chem Ltd	•	•	•
LBTYA	Liberty Global PLC	•	•	•
LSI	Life Storage Inc	•		•
LIN	Linde PLC	•		•
0916.HK	China Longyuan Power Group	•		
LOW	Lowe's Companies	•	•	•
LKOH.MM	LUKOIL PJSC	•	•	

Company Name	Sector	E	S	G
LITE	Lumentum Holdings In		•	•
LUNE.ST	Lundin Energy AB	•	•	•
LYFT	Lyft Inc		•	
MDGL	Madrigal Pharmaceuti			•
MGLU3.SA	Magazine Luiza SA		•	•
MDM.PA	Maisons du Monde SA			•
MFC.TO	Manulife Financial		•	•
MPC	Marathon Petroleum C	•		•
MRVL	Marvell Technology			•
MASI	Masimo Corp		•	•
E7386C16	Masmovil Ibercom SA			•
MCD	McDonald's Corp		•	•
MCK	McKesson Corporation		•	•
MDT	Medtronic PLC		•	•
MRK	Merck & Co		•	•
MRSN	Mersana Therapeutics			•
MRUS	Merus NV			•
MTD	Mettler-Toledo Intl	•	•	•
MIDD	Middleby Corp			•
TIGO	Millicom Intl Cell			•
8058.T	Mitsubishi Corp	•		•
MOH	Molina Healthcare In	•	•	
MPWR	Monolithic Power Sys		•	•
MNST	Monster Beverage Co	•	•	•
MPAA	Motorcar Pts of Amer			•
N5946510	Mylan NV			•
MYOV	Myovant Sciences Ltd			•
NSTG	NanoString Technolog		•	•
NG.L	National Grid PLC	•	•	•
NTUS	Natus Medical Inc		•	•
NKTR	Nektar Therapeutics			•
NESN.S	Nestle SA	•		•
NZR.NZ	New Zealand Refining			•
NEXI.PA	Nexity SA		•	•
NXRT	NexPoint Residential			•
NEE	NextEra Energy Inc	•	•	•
7974.T	Nintendo Corp		•	•
65504410	Noble Energy Inc			•
NOMD	Nomad Foods Ltd	•	•	•
NOC	Northrop Grumman Crp		•	
NOVN.S	Novartis AG		•	•
NVTK.MM	Novatek PJSC	•		•
NOVOB.CO	Novo Nordisk A/S		•	•
NRIX	Nurix Therapeutics			•
NVT	nVent Electric PLC		•	•
OEBO.NS	Oberoi Realty Ltd	•	•	•
ODT	Odonate Therapeutics			•
OUT	Outfront Media Inc	•	•	•
OYST	Oyster Point Pharma			•
PCAR	PACCAR Inc			•
PYPL	PayPal Holdings Inc		•	•
PEP	PepsiCo Inc		•	•

Company Name	Sector	E	S	G
PETR4.SA	Petrobras	•	•	•
PFE	Pfizer Inc	•	•	•
PCG	PG&E Corp			•
PHAS	PhaseBio Pharm Inc			•
PSX	Phillips 66	•		•
PHR	Phreesia Inc			•
PNW	Pinnacle West Cap	•	•	•
POR	Portland General Ele		•	
PPG	PPG Industries Inc	•	•	
PG	Procter & Gamble Co	•	•	
PRQR	ProQR Therapeutics			•
PRTA	Prothena Corp PLC			•
PRU	Prudential Financial		•	•
PRU.L	Prudential PLC		•	•
PSA	Public Storage			•
QGEN	Qiagen NV			•
RDUS	Radius Health Inc			•
RAPT	RAPT Therapeutics			•
RTX	Raytheon Technologie	•	•	
RETA	Reata Pharmaceutical			•
6098.T	Recruit Holdings Co		•	•
REGN	Regeneron Pharm Inc		•	•
REP.MC	Repsol SA	•		•
RSG	Republic Svcs Inc	•		
RVNC	Revance Therapeutics			•
RXL.PA	Rexel SA			•
RXN	Rexnord Corp			•
RYTM	Rhythm Pharmaceutica			•
RIGL	Rigel Pharmaceutical			•
RIO.L	Rio Tinto PLC		•	•
ROG.S	Roche Holding Ag		•	•
RCKT	Rocket Pharmaceutica			•
ROSN.MM	Rosneft Oil Co PJSC	•	•	•
RDSA.L	Royal Dutch Shell PL	•	•	•
RPT	RPT Realty		•	•
SAGE	Sage Therapeutics			•
SBRY.L	Sainsbury J PLC	•	•	•
CRM	salesforce.com inc		•	•
SAFM	Sanderson Farms Inc	•	•	
SASY.PA	Sanofi		•	•
600031SS	Sany Heavy Industry	•	•	•
8011.T	Sanyo Shokai		•	•
SAPG.DE	SAP SE	•	•	
SOLJ.J	Sasol Ltd	•	•	•
STSA	Satsuma Pharm Inc			•
SLB	Schlumberger NV	•	•	•
SCHN.PA	Schneider Electric		•	•
SGEN	Seagen Inc		•	•
SEE	Sealed Air Corp	•	•	
SEK.AX	Seek Ltd	•	•	•
SRE	Sempra Energy	•		•
NOW	ServiceNow Inc		•	•

Company Name	Sector	E	S	G
0813.HK	Shimao Grp Hldgs Ltd	•	•	•
4063.T	Shin-Etsu Chemical			•
SIKA.S	Sika AG	•		
SN.L	Smith & Nephew PLC	•	•	•
8630.T	Sompo Holdings Inc		•	
J7633710	Sony Financial Hldgs			•
SO	Southern Co	•	•	•
SYK	Stryker Corp		•	•
SEVI.PA	Suez SA	•		•
SNDX	Syndax Pharmaceutica			•
SYY	Sysco Corp	•	•	•
4502.T	Takeda Pharmaceut		•	•
TTWO	Take-Two Interactive		•	•
TNDM	Tandem Diabetes Care			•
TRP.TO	TC Energy Corp	•	•	•
TCF	TCF Financial Corp		•	•
TCRR	TCR2 Thera Inc			•
TGNA	TEGNA Inc		•	•
TLIT.MI	Telecom Italia SpA	•	•	•
TFX	Teleflex Inc		•	•
TDC	Teradata Corp		•	•
TEVA.TA	Teva Pharma Industr		•	•
TXN	Texas Instruments	•		•
TGTX	TG Therapeutics Inc			•
TBPH	Theravance Biopharma			•
TMO	Thermo Fisher Scient		•	•
THR	Thermon Group Hldgs			•
TJX	TJX Companies Inc		•	•
4186.T	Tokyo Ohka Kogyo			•
TOTF.PA	TOTAL SE	•	•	•
TOTS3.SA	Totvs SA		•	•
TSCO	Tractor Supply Co	•	•	
TTD	Trade Desk Inc			•
TRV	Travelers Cos Inc	•	•	
TCDA	Tricida Inc		•	•
TFC	Truist Financial Co		•	•
UBER	Uber Technologies In	•	•	•
UBSG.S	UBS Group AG	•	•	•
UCB.BR	UCB SA		•	•
UNP	Union Pacific Corp	•		•
UTDI.DE	United Internet AG			•
UPS	United Parcel Servic	•		•
UNH	UnitedHealth Group	•	•	•
URGN	UroGen Pharma Ltd			•
VALE3.SA	Vale	•	•	•
PCVX	Vaxcyte Inc			•
VIE.PA	Veolia Environment S			•
VRSN	VeriSign Inc			•
VZ	Verizon Communctns		•	•
VRTX	Vertex Pharmaceutica		•	•
VIAC	ViacomCBS Inc	•	•	•
VICI	VICI Properties Inc	•		•

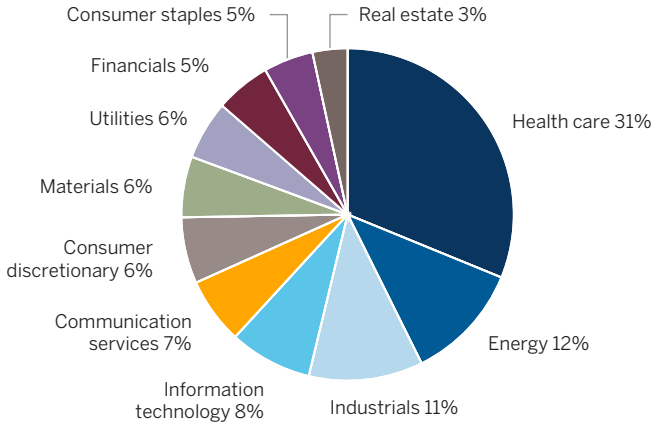
Company Name	Sector	E	S	G
SGEF.PA	Vinci SA	•		•
VOD.L	Vodafone Group PLC		•	•
WRB	W R Berkley Corp	•	•	•
WMT	Walmart Inc	•	•	•
DIS	Walt Disney Co/The			•
WDC	Western Digital Corp	•	•	•
WAB	Westinghouse Air	•		•
WEX	WEX Inc			•
WTM	White Mountain Ins		•	•
WMB	Williams Cos Inc	•	•	
ZF8NW3	Wintershall Dea GmbH	•	•	

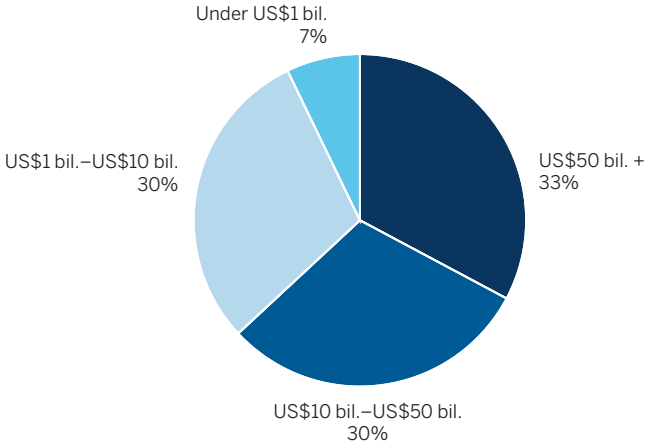
Company Name	Sector	E	S	G
WLSNC.AS	Wolters Kluwer			•
WPP.L	WPP PLC		•	•
603259SS	WuXi AppTec Co Ltd		•	•
XRX	Xerox Holdings Corp		•	•
YMAB	Y-mAbs Thera Inc			•
P9897X13	YPF SA	•		•
YUMC	Yum China Holdings	•	•	•
ZLAB	Zai Lab Ltd		•	•
ZBH	Zimmer Biomet Hldgs		•	•
ZTS	Zoetis Inc	•		

E = environmental, S = social, and G = governance discussions. The companies shown comprise a complete list of all engagement meetings in which Wellington Management's ESG Research Team participated in 2020. These companies are not representative of all of the securities purchased, sold, or recommended for clients. It should not be assumed that an investment in the companies listed has been or will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the companies shown. 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.

ESG engagement activity by sector and market cap

PRINCIPLES 9, 12





Figures may not sum to 100 due to rounding. Source for both charts: Wellington Management.

Proxy voting activity

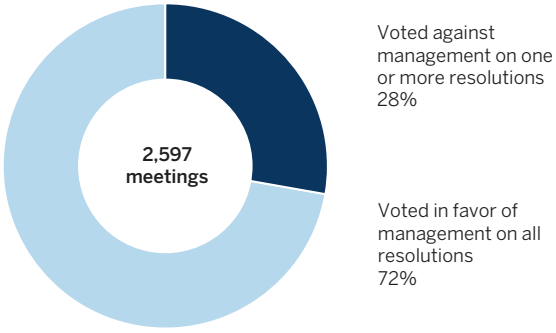
PRINCIPLE 12

In 2020, we voted proxies for 6,750 companies in 69 markets, executing our voting intentions on our clients' behalf for over 150,000 resolutions.

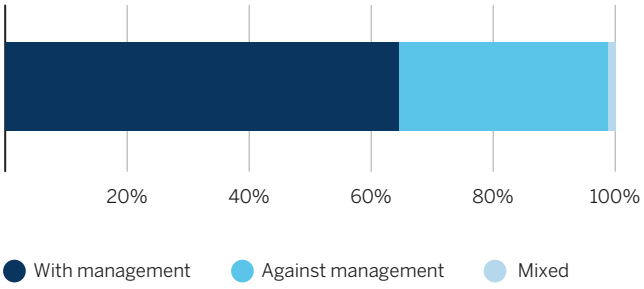
The following charts summarize our vote decisions during the 2020 calendar year. Aggregate voting authority may not be equal to firmwide ownership in cases where our clients have elected to retain voting discretion for their shares. As with our engagements, we have been enhancing technology that will enable us to report rationales for all significant resolutions without regard to voting authority. In 2020, we reported rationales for management proposals and shareholder proposals for which we voted against management. In reviewing our relationship and increasing our oversight with our proxy vendor, we plan to expand voting disclosure to all resolutions on a quarterly frequency.

The figures shown here are a summary of 2020's proxy voting activity. Please see our 2020 Global Proxy Voting Disclosure for full details.

2020 SIGNIFICANT VOTES



SHAREHOLDER PROPROSALS



Since the 2019 voting season, we have evolved our approach to shareholder proposals to consider the spirit of the proposal where appropriate, as a signal of our support for a material issue.

In 2020, Global Proxy Voting Disclosure, we voted on 457 shareholder proposals we deemed significant across 207 meetings.

Section 6: Resourcing and risk management

PRINCIPLES 1, 2, 4, 7

Sustainable investment and ESG talent recruitment and development

PRINCIPLES 1, 2

Wellington's Sustainable Investment Team is comprised of 22 members across sustainability research and strategy, ESG sector research, and climate research. The team brings a diverse set of backgrounds from fundamental research, investment and data science, IT, portfolio management, and strategic asset allocation. Our ESG Research Team resides within the broad investment research resources of the firm and brings depth of ESG expertise to the investment dialogue.

Our team of seven ESG research analysts has an average of 17 years of professional experience. An additional 17 colleagues spend the majority of their time on ESG and sustainable investment. This includes members of the investment teams with dedicated sustainable investment strategies, the Investment Product & Fund Strategies (IPFS) teams representing those strategies, client services, and global marketing. In addition to the Sustainable Investment Team, our 53 GIAs and 39 credit analysts engage companies and research proxy issues within their coverage from a stewardship perspective. In our community-of-boutiques model, our 52 investment boutiques dedicate time and effort to stewardship activities with the companies and issuers they own on behalf of clients. We also have a 15-member Investment Stewardship Committee comprised of colleagues across multiple functions.

When hiring for our Sustainable Investment Team, we seek people who are passionate about markets and have experience in integrating ESG considerations in the investment process. An ideal ESG research analyst, for example, brings subject matter expertise on governance topics and environmental and social issues, along with an understanding of how these issues can impact an investment thesis. He or she is able to communicate views clearly, is credible with company management teams as well as clients, enjoys acting as an individual contributor within a highly collaborative investment culture, and thrives by building strong relationships with colleagues.

INCENTIVES

Our compensation plans are designed to be fair and motivational over time in order to attract and retain the best professionals in the investment industry. We provide them with incentives to excel, and reward superior performance. Compensation arrangements for investment professionals typically include a base salary component and one or more variable components. Generally, each investment professional is eligible to receive an incentive payment for which the primary determinant is the achievement of client objectives.

Wellington believes that its remuneration policies, practices, and procedures ("Remuneration Policies") are consistent with the appropriate consideration of relevant sustainability risks in the investment decision-making process. Sustainability measures are considered as part of the firm's investment processes, which implicitly drive compensation outcomes through investment performance achievement. In addition, Wellington's remuneration of both its investment professionals and those who are tasked with monitoring and overseeing investment activity at the firm incentivizes compliance with explicit obligations to consider such sustainability risks as may be created through client guidelines or fund documentation. Wellington Management's Remuneration Policies are also consistent with and promote sound and effective risk management and do not encourage inappropriate risk taking

More generally, our investment professionals develop their own investment approach whereby ESG and sustainability considerations are integrated into their research and decision-making processes to the extent that they believe these issues may affect the long-term success of a company and investment returns. This can manifest itself within the investment thesis or portfolio weighting for a particular security, as well as within our proxy voting and company engagement efforts.

Where appropriate, a portfolio manager's incentive payment relating to the relevant client account is linked to the gross pre-tax performance compared to a specific benchmark index and/or peer group over one-, three-, and five-year periods, with an emphasis on five-year results. We believe that ESG considerations are material to the performance of securities over the investment horizon of many teams. As such, we have linked our performance evaluation and compensation for all members of the investment research team, inclusive of our ESG Research and Sustainable Investment teams, to a common evaluation system.

A key input into the determination of variable compensation is the peer-review process. Analysts, including ESG analysts, are eligible to receive discretionary bonuses based on their success in having their recommendations implemented in client portfolios across the firm and feedback from portfolio management teams regarding their overall effectiveness. ESG analysts receive feedback from the investment professionals with whom they work most closely on ESG research, engagement, and portfolio integration. For the investment teams (portfolio managers and investment analysts) managing strategies on our sustainable investment platform, specific metrics for ESG and/or impact performance are also incorporated in the goal setting, evaluation, and remuneration

process. Portfolio-based incentives across all accounts managed by an investment professional can, and typically do, represent a significant portion of an investment professional's overall compensation. Additionally, a significant number of our professionals are partners of Wellington Management Group LLP or managing directors of the firm and, therefore, receive additional merit-based compensation based on the overall performance of the firm and their individual contributions to firmwide results.

Wellington is a global firm which is controlled by the partners of Wellington Management Group LLP, many of whom are investment professionals and key decisions makers. Wellington believes the equity interest provided by this corporate structure provides an incentive for partners and prospective partners to act in a manner that is consistent with the long-term success of the firm and helps foster a culture of accountability with respect to risk taking and appropriate sustainability risk considerations.

Risk management

PRINCIPLES 2, 4, 7

The firm's approach to enterprise risk management is to rely on "three lines of defense." Line management has primary responsibility for the management of the risks inherent in their business function. Various independent risk functions (described below) partner with line management to strengthen their management of risks by providing expert advice and guidance, constructive challenge, project management, and other support resources.

The Risk Committee (RC) is established by the Executive Committee to oversee the firm's operational risk framework. Primary responsibility for risk management resides with each functional business line. In conjunction with the functional business areas, the RC reviews the firm's operational risk profile drawing on various control functions. The RC may delegate its duties and responsibilities to, and receive reports from, Internal Audit, the Error Resolution and Information Security Councils, and committees which have a role in overseeing the firm's operational risk profile and outcomes. The Risk Committee:

- Contributes to prioritization and closure of risk-mitigation and technology initiatives in collaboration with affiliate risk committees
- Recommends changes to policy or procedures related to operational risk
- Advises on risk-management organizational structure, resources, and practices, and emerging risks
- Contributes to and approves the internal audit plan
- Evaluates lessons learned from significant internal and external operational risk incidents

The RC's activities are also supported by Operational Risk Management (ORM) and other functions within the firm including, but not limited to, Investments and Risk Management, Legal and Enterprise Risk, and Information Technology. These functions work closely together on specific projects, oversight committees, and in other ways to ensure a holistic approach to the management of the firm's main risks. We have determined that the incorporation and consideration of sustainability risks falls within the mandate of the RC. We recognize the need for specific sustainability risk mapping across each of our core business activities. To that end, we have drafted our first Sustainability Risk Policy, which we expect to further develop over the next 12 to 18 months. To support the accountability associated with this risk, more formalized reporting and management are planned for 2021 pursuant to the publication of the **Wellington Management 2020 Climate Report**.

OPERATIONAL RISK

Responsibility for analyzing and managing operational risk rests with each business line of the firm, with support provided by ORM and the firm's oversight committees. ORM works in partnership with business areas to help strengthen the firm's management of operational risks to meet the expectations of our clients and regulators and to serve our business objectives. ORM collaborates with the firm's business areas to ensure an appropriate risk-management framework is in place by assisting in the identification and assessment of operational risks, enabling risk-aware decision making, identifying potential risk gaps, and integrating best practices across business functions.

ORM reports to the chief financial officer and members of the RC. In addition, we have an ORM Risk Council comprised of senior representatives from each business function as a forum to address cross-functional and/or significant operational risks. Together, the ORM Risk Council and the ORM Group serve as the operating arm of the RC and work closely with line management in the monitoring of and response to the firm's operational risks.

INVESTMENT RISK

Oversight of investment risk begins with the leaders of our Investment Platform, representing the direct managers of our investment teams and the accounts they manage. Peer review groups, market risk managers in the Global Risk and Analytics Group (GRA), and IPFS support the investment platform leadership in their review. These groups provide perspectives on teams' ability to fulfill client investment objectives and adhere to client guidelines, including agreed-upon sustainability or engagement objectives.

Collectively, these groups are intended to support our firm's fiduciary responsibility to provide competent and professional investment management services to our clients by reviewing the investment process and performance of investment teams. While we believe in the importance of the clear accountability of the Investment Platform leadership team, we also recognize the benefits of having multiple groups with functional expertise support this team.

The GRA consists of 24 investment professionals. The group acts as an independent thought partner to portfolio managers and is responsible for understanding market risk exposures across the firm, providing ongoing market risk monitoring, analysis, and reporting for all the firm's investment approaches. The GRA is separate from Legal and Enterprise Risk, but the teams work together on initiatives and committees (e.g., counterparty risk oversight).

The team's investment-risk-management philosophy is that no single report or tool completely determines risk. Instead, the team views their process as a mosaic that combines all reporting elements before summarizing findings. Many of the team's weekly, monthly, and quarterly reports look across a range of areas including performance, characteristics, attribution, style, risk, and competitive analysis. These reports go to all investors and senior management. If the GRA sees a particularly interesting trend or risk concentration, there are multiple forums to communicate these risks, including, but not limited to, the daily Morning Meeting, review groups, regular risk reviews, and informal discussions. Further, the team maintains regular and ongoing interactions with portfolio managers and seeks to ensure the investment integrity of portfolios. Investment directors collaborate with portfolio managers on a regular basis, participating in the portfolio managers' investment discussions, GRA risk meetings, and the firm's peer review groups.

Finally, our review groups and Risk Advisory Council oversight processes establish independent committees of senior investment professionals that perform formal and informal reviews of investment teams and their portfolios. The review groups are comprised of seasoned investment professionals with relevant market experience and are convened regularly to review topics such as investment philosophy, process, performance, and other subjects deemed appropriate by the group. The goal of peer review is to offer portfolio managers the advice and guidance to foster portfolio manager development, and to provide inputs into the supervision exercised by line management. Portfolio managers receive feedback from their review group, which is shared with line management and other relevant groups. The review groups are appointed by the Executive Committee.

The Risk Advisory Council meets with individual investment teams on a more informal basis to review investment risk and positioning. Risk Advisory Council membership is determined by the business line and the GRA.

ENTERPRISE RISK

Legal and Enterprise Risk, in partnership with business functions and senior management, is responsible for ensuring that the firm has policies, procedures, and controls to ensure compliance with specific regulatory requirements in each of the jurisdictions in which we operate. It is also responsible for establishing, maintaining, and implementing the firm's Compliance and Internal Audit Programs and overseeing those monitoring programs performed by business functions. Legal and Enterprise Risk tracks regulatory developments, raising these issues to functional areas and relevant committees within the firm and, where appropriate, ensures that these developments are reflected in the firm's Compliance Program. Internal Audit is a global, risk-based, independent function that tests the firm's operational control environment to provide assurance over the design and effectiveness of operational controls to the Executive Committee via the Risk Committee, affiliate boards/ risk committees, and senior management.

INFORMATION TECHNOLOGY RISK

Information Technology (IT) is responsible for governing information technology firmwide. IT is supported by committees and working groups that provide governance and assistance with risk mitigation. The Information Technology Leadership Team (ITLT) is the senior management of the IT organization. The team is comprised of the chief information officer (CIO), the direct reports to the CIO, and other senior members of the department. Each ITLT member is responsible for managing their specific business unit as well as collectively helping to manage the entire department.

The core of the IT risk-management process is based on the Information Technology Infrastructure Library set of practices for IT service management and covers change management, problem management, and incident management. These processes are governed and reviewed by the Change Advisory Board and the IT Risk Board. An additional series of boards help to govern project prioritization and the software development life cycle for each IT project, including the Technology Investment Priorities Committee and the Architecture Review Board. Each of the boards listed above has the ability to and is encouraged to escalate any concerns, issues, or risks to the ITLT.

INFORMATION SECURITY RISK

Information Security, in close partnership with the ITLT, business functions as represented by the Information Security Council, and senior management, is responsible for the establishment and oversight of risk-aligned controls intended to safeguard the confidentiality, integrity, and availability of client and firm information. The Information Security & IT Risk and Controls teams report to the chief information security officer. Oversight of the Information Security Program is provided by the Operational Resilience Committee.

SUSTAINABILITY RISKS

We have developed a company-wide Sustainability Risk Consideration Policy (available on our website) to inform sustainability risk management in WMC's investment functions. The policy is a framework that encapsulates the types of risks teams may incorporate. Today, each investment team incorporates climate analysis in the context of its investment objective and time horizon, and as an authentic aspect of the team's investment philosophy. As sustainability data and risk measurement improve, we expect to enhance systematic processes to inform our management of these risks.

By defining a set of principles and processes, we aim to clarify sustainability risks, good governance principles, "principal adverse indicators," and economic activities that may harm environmental and social stewardship by our investee companies. As greater transparency is provided with increasing compliance with TCFD reporting, our ability to test exposure to various transition and physical climate risks, married with our own research collaboration with Woodwell, should enable us to assess and engage on these risks. As such, we expect the quality of sustainability risk reporting to meaningfully evolve over the next few years.

Wellington's response to COVID-19

PRINCIPLES 2, 4

Throughout the pandemic, our goal has been to monitor and respond to developments in a manner consistent with our humanistic culture. Our decisions are informed by data, tailored to local conditions and government requirements, flexible, and above all, intended to safeguard and support our employees, communities, clients, and vendors. The firm decided to maintain current employee staffing levels in relation to COVID-19 business planning. Wellington is leaning into the firm's private partnership model to further strategic investments in the business and to hire talent opportunistically. Our priorities during the crisis have been:

Safety: Protect the health and well-being of our people

Service: Help our people manage the pandemic's many challenges so they may continue to deliver investment excellence for our clients

Flexibility: Provide global guidance on operational and human resource practices while enabling local decision making from our regional offices around the world

COVID-19 TASK FORCE

In January 2020, we convened a working group to monitor the emerging coronavirus risks that were quickly becoming apparent to our Asia-Pacific offices. By mid-February, that working group became our COVID-19 Task Force, a cross-functional team of senior leaders that includes global representation from our business continuity, information security, facilities, human resources, and investment and research teams. The COVID-19 Task Force determines the firm's operational and business approach during the pandemic, in coordination with regional leaders and local Business Continuity Incident Command Teams. Through frequent email and intranet updates, the COVID-19 Task Force is the central point of contact for all staff regarding COVID-19 questions and concerns.

Employees: As our employees are our most vital resource, we have taken several steps to support them through this stressful period, including:

- We have leveraged web-enabled videoconferencing systems and WebEx to provide a unified experience between home and office meetings as our global offices have reopened.
- Our previous migration to the cloud enabled our systems to seamlessly meet market-volume spikes during the early weeks of the pandemic and working from home (WFH).
- A robust remote-computing environment using virtual desktops has enabled our systems to handle the increased load without incident.
- We have used our webcast infrastructure and engaged our vendors to help us host collaborative meetings internally, as well as with clients and portfolio companies.
- We offer stipends and discounts for computing technology and office equipment to support WFH comfort and efficacy.
- We expanded our well-being resources and programming, including family care and enhanced and flexible time policies, and also offered:
  - A dedicated "focus on your well-being" intranet page to help employees find resources
  - Enhanced our Employee Assistance Program, adding webinars and podcasts, as well as video counseling in the US
  - Firm-paid membership to a leading well-being app and associated programming (e.g., meditation, focus, stress reduction, and sleep apps/tools)
  - Virtual yoga @Wellington classes and live virtual meditation and mindfulness programming
  - A partnership with online concierge and telehealth providers, including Virtual Doctors Visit (US) and NurseLine (US) for family care
  - Introduced enhanced time-off policies during the crisis, including a flexible working approach for all locations, enabling employees to work around their personal and family needs to care for family members
  - Vacation flexibility, including three extra vacation days, a carryover policy for unused vacation, and increased sickness time

Community: The firm and its employees mobilized to provide support for local community members through a variety of charitable activities and new funding. The firm's COVID-19 contributions are highlighted on page 43 under the section SUPPORTING OUR COMMUNITIES IN 2020. We are equally proud of our employees who donated their time, talents (in-person and virtually), and funds to help fight the battle in a number of ways:

- Hosting writing workshops and mock interview sessions for college students
- Providing website design and marketing services for community organizations

- Sewing face masks for community organizations on the front lines
- Collecting and distributing personal protective equipment (PPE)
- Raising funds for frontline essential services

Assessment of our COVID-19 programs and response is ongoing. We continue to offer targeted training programs geared toward enhancing emotional intelligence, resiliency, and productivity during times of crisis. We initiate frequent, transparent employee communications from firm leadership, including virtual town halls and firmwide updates via videos and blogs. We conduct surveys to gather employee perspectives on the firm's approach, including preferences for working from home versus returning to the office.

Clients: Throughout the pandemic, we have continued to engage with clients remotely, leading effective presentations in order to maintain our relationships.

- Our Client Group's Opportunities Task Force was created to identify market dislocation opportunities for clients. The task force centralizes ideas, creates leverage for our investment teams, and assists the Client Group in reaching out to clients in a coordinated fashion to manage the dislocations and then capitalize on the opportunities created by this market response.
- According to Greenwich Associates, Wellington ranked a top-three asset manager for providing thoughtful advice on the current market environment, communicating proactively about investments, and responding to inquiries. Wellington also provided all clients with access to the new Wellington Blog, #WellSaid, for topical insights.
- Wellington has helped clients throughout the crisis in many other ways, including providing liquidity to health service organizations, subadvised clients, and sovereign wealth funds as they continue to deal with the crisis.
- Wellington provided proactive analysis and outreach to subadvisory clients on market liquidity and trading conditions for cash-flow planning.

Vendors: Wellington took an active stance with respect to managing vendors prior to and during the COVID-19 pandemic. In conjunction with our internal business partners, Wellington's Global Third-Party Risk Team reached out to vendors to affirm and assess their readiness plans. We continued periodic communications once everyone was working remotely to ensure operational service levels were not interrupted. For certain providers, we participated in daily and/or weekly calls during the early months of the pandemic.

As an example, working closely with one of our strategic partners, we quickly implemented a full-scale work-from-home model with the vendor's operations team in India as soon as we suspected that a pandemic was approaching. Given infrastructure challenges in India, we felt we needed an early-mover advantage in securing residential broadband access, Wi-Fi hot spots, and backup power supplies. We also needed approval from the government to move laptops, monitors, and PCs from the office to team members' homes. Wellington and the vendor quickly mobilized forces to adapt to a new way of working, mitigate a new set of risks, and share best practices.

For many months, we held multiple meetings each day to ensure our staff had the tools and technology necessary to continue to meet and exceed our service-level agreements. We ran scenarios by process area and planned for how we would handle larger disruptions, such as if a majority of team members became unavailable. We planned for Wellington's US-based team to back up the vendor's team in India, and vice versa. We also documented and strengthened our cross-training among process teams and team members living in different cities. Additionally, we created and distributed a Morning Attendance Report (with a named backup for anyone not available) and an End-of-Day Process Health Check Report. These reports have been so useful that they will likely continue after the pandemic.

Some of the teams that played central roles included:

- **Global Third-Party Risk:** Coordinated efforts across teams and sharing of best practices
- **Operational Risk (working alongside the business teams):** Ensured that existing controls continued to function and were modified as necessary
- **Business Continuity:** Ensured that plans were available, functioning as designed, and updated as needed
- **Information Security:** Reviewed and recommended protocols to ensure a safe and secure WFH environment
- **Enterprise Sourcing:** Updated agreements (if needed) to reflect the new WFH model
- **Individual business areas:** Worked collaboratively with the operational teams at their respective vendors to ensure minimal interruption to service.

Not only have we proven we can operate in a 100% WFH model; we have continued to expand the scope and scale of services with this vendor throughout this period. To date, we have experienced no significant interruptions from our vendor services or Wellington's service for our clients. This shared experience has significantly strengthened our trust with this strategic partner and other vendors.

> "... working closely with one of our strategic partners, we quickly implemented a full-scale work-from-home model with the vendor's operations team in India as soon as we suspected that a pandemic was approaching.

Section 7: WellSustain: Our corporate sustainability initiatives

PRINCIPLES 1, 2, 6

Wellington's internal corporate sustainability initiatives, which we refer to as WellSustain, aim to incorporate sustainable behavior into our business practices. Our approach centers on Environment, Community, and Culture. We have highlighted some of our efforts and accomplishments below.

Environment

We believe internal environmental stewardship is in the best long-term interests of our firm, our employees, and the planet. We are committed to addressing the impact of our operations and raising awareness of sustainable practices among our employees. Our aim across our global offices is to measure, report, and reduce our operational impact. Transparency on our environmental impact and actions aligns with our culture and our commitment to clients, who expect us to demonstrate world-class stewardship in all aspect of our business. Most of our energy use is related to:

- Electricity required to power our offices
- Travel needed to operate as a global investment firm
- Waste generated through our work

Clean power sources such as solar, hydroelectric, geothermal, wind, and biomass provide a significant portion of the power supplied to our Boston-area offices, which represent a majority of our total global office footprint. We actively monitor our energy usage and explore opportunities to use more renewable power sources. We also implement enhancements like lighting controls, occupancy sensors, and motion-activated building systems to help reduce energy consumption. For example, we recently upgraded the lighting control panels at our largest Boston office to become more efficient and we have been replacing fluorescent bulbs with LED lightbulbs at every opportunity. All new projects use LED bulbs as standard. By the end of 2021, our London office will use 100% LED lighting. We continue to explore a variety of renewable energy options for our global electricity consumption.

Several environmentally conscious practices that complement day-to-day business operations and support employees and communities cover:

- Energy conservation
- Green-building standards
- Technology
- Business travel and carbon offset
- Recycling and composting
- Paper conservation
- Infrastructure reliability

RECYCLING AND COMPOSTING

We participate in donation and recycling programs that reduce the environmental impact of the firm's technology. For instance, we donate technology equipment in good operating condition and recycle unusable devices. As we purchase new business technology, we prioritize environmentally friendly alternatives that use less energy and have a smaller carbon footprint. In conjunction with our landlords, we offer employees the opportunity to recycle personal electronic waste several times throughout the year.

We also work with our landlords to implement recycling programs for consumable products and business supplies. We have ongoing recycling programs for paper, bottles, cans, and plastics in all of our buildings. We have programs to recycle toner cartridges and home-use batteries at the firm's expense. Where possible, we install dishwashers to eliminate the use of single-use disposable utensils and dishware. As part of our Corporate Sustainability Initiative in the EMEA region, our London office has adopted a "single-stream" waste policy to help ensure that all general waste is recycled. Most of our offices have introduced composting and waste stations. This, coupled with reusable or compostable pantry/kitchen supplies, helps to drive toward our goal of zero waste.

PAPER CONSERVATION

Electronic delivery of reports, digital signatures for contracts, and deployment of duplex printers and copiers reduce the firm's paper consumption, despite business growth. As we promote the use of technology and mobile devices for information flow, we are exploring and planning to implement measures to reduce paper consumption. We use an on-demand print management system that reduces paper and toner waste through a limited number of high-capacity, multifunction devices. In addition to our print management system, we have also been reducing or eliminating hard-copy materials for internal and client/prospect meetings whenever possible. More than 80% of our conference rooms globally have audiovisual equipment to support these paperless meetings.

GREEN-BUILDING STANDARDS

We lease approximately one million square feet of office space in buildings around the world. Environmental rating is one of the criteria the firm uses to select new space. We consider the following measures when designing and building interior space:

- Open-plan designs, which use less space and energy per occupant
- Nontoxic paint and adhesives
- Carpet tiles and other materials that contain recycled content
- The use and reuse of portable furniture elements (we donate lightly used furniture to local nonprofits)
- Energy-efficient heating, ventilation, and air conditioning (HVAC) and lighting systems, including motion sensors
- Water-saving plumbing fixtures and gray-water collection

Wellington seeks to lease space from established landlords with demonstrable commitments to minimizing GHG emissions through sustainable construction and building operations practices. We look for spaces with Leadership in Energy and Environmental Design (LEED) certification or similar designations around the world, as well as dedicated support for renewable energy. As a tenant, we routinely build out our spaces with the goal of achieving an LEED Gold rating.

The following Wellington offices have environmental certifications from government-sponsored rating systems:

Boston: US/LEED

- 280 Congress Street: Building–Platinum
- 100 Federal Street: Building–Silver

Hong Kong: HK/BEAM[7]–Platinum

London: UK/BREEAM[8]–Very Good

Sydney: Australia/NABERS[9]–4.5 stars

TECHNOLOGY

We replace aging technology infrastructure with newer, energy-efficient alternatives. In 2019, we completed a five-year process of transitioning applications, infrastructure, and services from our own data centers to Amazon Web Services (AWS) data centers and co-location data centers that connect to AWS. Shifting to the cloud has allowed demand to scale dynamically, while reducing overall energy requirements and increasing performance.

INFRASTRUCTURE RELIABILITY

We acknowledge the potential for business disruption caused by extreme weather events. Our offices in Boston, Hong Kong, London, San Francisco, Singapore, and Tokyo are particularly susceptible to various climate- and environment-related risks, including power-supply disruptions and flooding.

To mitigate the risk of disruptions at our main Boston facility, Wellington partnered with our landlord, Boston Properties, to study the likelihood of flooding and develop a flood management program for the property. As a result of the study, we purchased an AquaFence®, an interlocking panel "fence" that creates a portable four-foot (1.2-meter) buffer around the building's perimeter. AquaFence® is designed to protect vulnerable electrical infrastructure and contingency fuel supplies in the building's underground parking structure.

In Tokyo, a city susceptible to earthquakes, we relocated our office to the lower levels of a new property featuring earthquake-resistant structural design. This building is adjacent to a park, so if an earthquake occurs, staff can evacuate quickly to a safe, open space.

In Boston, we protect our trading floors with uninterruptible power supply (UPS) devices, static transfer switches, and generators. Generators also back up other investment functions. Our business-continuity alternate site, located more than 30 miles (48 kilometers) inland in Marlborough, Massachusetts, is supported by UPS and generator backup as well. All of our offices have UPS power to support critical equipment, and most have generators to ensure continuous operations in the event of prolonged power outages.

USING CERA TO ASSESS OUR CLIMATE EXPOSURE

In 2021, we leveraged our proprietary Climate Exposure Risk Analysis (CERA) tool to assess the climate resilience of our office ecosystem and key service providers. The results and conclusions of this analysis were brought to the leaders of a number of our operations and infrastructure teams including those responsible for workplace services, business continuity, procurement, and third-party risk. Later in 2021, we expect any issues deemed material by this group to be raised with our Risk Committee and/or chief financial officer accordingly. Examples of risk insights and mitigating actions include:

Identified risk: Flood risk (offices in Boston, Hong Kong, and a colocated data center in New Jersey)

Mitigating action: Review existing comprehensive plans for business continuity and disaster recovery, engage property managers on risks and mitigation plans, review relevant insurance policies

Identified risk: Hurricane/typhoon risk (office in Hong Kong and a service provider in the Philippines)

Mitigating action: Review existing comprehensive plans for business continuity and disaster recovery, engage property manager and service provider on risks and mitigation plans, review relevant insurance policies

Identified risk: Potential impact to employee wellness and increased costs due to the following risks (representative locations noted): heat (Hong Kong), drought/water scarcity (Bangalore), air quality (Shanghai), and wildfires (Sydney)

Mitigating action: Continue to monitor these locations and risks, not currently deemed critical to our business operations

7 Building Environmental Assessment Method
8 Building Research Establishment Environmental Assessment Method
9 National Australian Built Environment Rating System

OUR CARBON-NEUTRAL PLEDGE

We have established a baseline, comprehensive carbon-footprint measurement that covers our global operations, with the goal to be carbon neutral in our operations by 2022 and to take steps to be net zero in alignment with our net-zero commitment. We will use our footprint data (encompassing Scopes 1, 2, and 3) to develop strategies to reduce our operational carbon footprint and invest in credible offsets for remaining emissions. In 2019, before the pandemic, 57% of our total GHG emissions were from business travel and another 32% were from purchased electricity. Comprising nearly 90% of our total emissions, these will be our two primary areas of focus.

WELLINGTON'S CARBON FOOTPRINT

Note: Wellington's GHG inventory was conducted in accordance with the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised).

WELLINGTON'S EMISSIONS

Metric tons CO2e	2014	2015	2016	2017	2018	2019	2020	% change (2014–19)[d]
Scope 1[a]	1,289	1,289	1,289	1282	1,276	1,297	1,152	1%
Scope 2[b]	7,353	7,355	7,185	6,673	6,887	6,603	5,157	–10%
Total	8,642	8,645	8,474	7,955	8,163	7,900	6,309	–9%
Headcount[c]	2,741	2,853	2,875	2,895	3,007	3,122	3,127	14%
CO2e/person	3.2	3.0	2.9	2.7	2.7	2.5	2.0	–20%
Scope 3[e]	**10,601**	**10,924**	**9,014**	**9,448**	**10,728**	**11,445**	**1,393**	**8%**
Headcount	2,741	2,853	2,875	2,895	3,007	3,122	3,127	14%
CO2e/person	3.9	3.8	3.1	3.3	3.6	3.7	0.4	–5%

a Scope 1 emission sources include the on-site combustion of natural gas for space heating, the combustion of diesel for backup generators, and fugitive refrigerant emissions from HVAC systems.

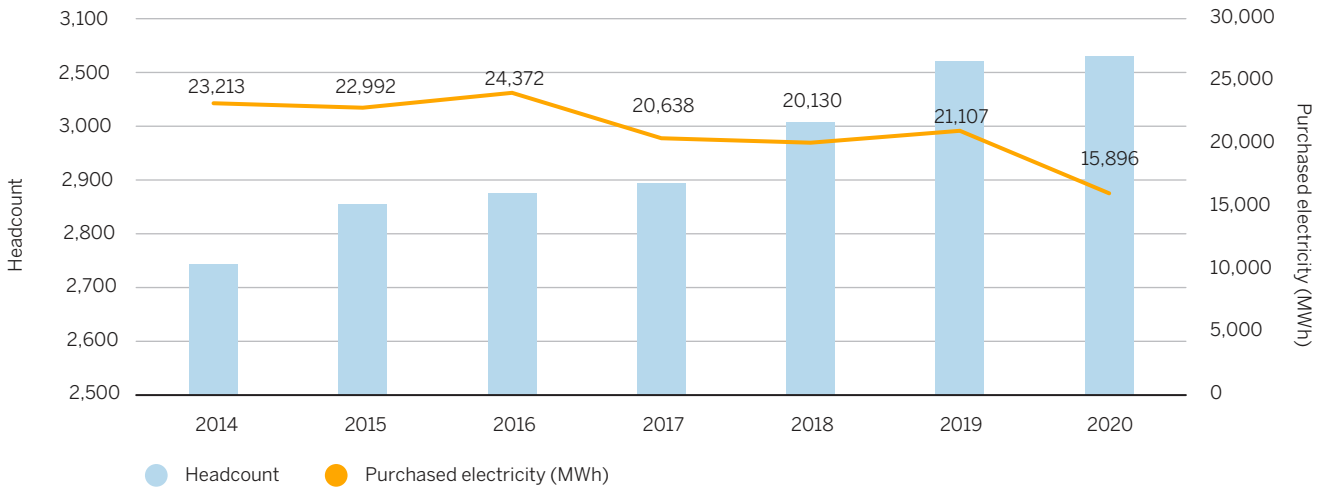
b Scope 2 emission sources include the purchase of electricity at all locations and the purchase of steam at one site for space heating. We use the location-based method, using grid-average emission factor data, to estimate emissions by location.

c Headcount figures include all full-time and contingent workers with an assigned seat location in one of our leased facilities. We track headcount monthly and take an average across 12 months to reflect office occupancy more accurately.

d For 2020, we attribute most of the reduction in our Scope 1, Scope 2, and Scope 3 emissions to factors beyond our control such as the global pandemic and are, therefore, using 2019 as a reference point when calculating % change relative to our base year (2014). 2020 data is provided for informational purposes.

e Scope 3 emission sources primarily include business travel (air and rail) for all reported years. Starting in 2019, when we completed our cloud transition, we elected to include emissions related to our cloud services usage and related colocation data centers. We will look to expand the categories included, such as employee commuting, in our Scope 3 reporting in future years.

WELLINGTON'S ELECTRICITY USAGE



Source: Wellington Management

LEVERAGING OFFSETS

An initial assessment of our carbon footprint confirmed that we generate most of our GHG emissions through airline travel. We strive to approach business travel efficiently, arranging as few trips as possible and coordinating them geographically. For the last several years, we have partnered with a nonprofit organization that invests in environmentally friendly projects to offset a portion of our carbon-emissions footprint.

Through this partnership, we were able to offset 100% of carbon-emissions equivalents (CO2e) from our corporate airline travel starting in 2018 and will continue to do so annually. We also publish emissions data on our travel itineraries, so employees can understand the environmental impact of each trip. We acknowledge the evolving landscape of offsets and intend to continue to monitor progress to ensure the credibility of our carbon-reduction and ultimately carbon-removal-based offsets as part of our operational strategy.

Despite a 90% reduction in business travel in 2020, we will fund our annual business-travel carbon offset to be level with our 2019 CO2e emissions and are planning to source 100% of our power from renewable sources by 2022, in markets where this option is available.

We lease 100% of our office space and currently procure all our electricity through property management firms. Our managers in Boston, London, and San Francisco source 100% renewable power on our behalf. These offices represent 75% of our global real estate footprint. As the carbon market evolves, so will we evolve. We will continue our practice of investing in credible offset projects for our Scope 2 emissions — that is, the electricity generated to power our buildings. This may include additional offset credits or a virtual power purchase agreement to directly add renewable power to the grid.

By far the largest category of emissions for financial institutions is investments, hence our commitment to the Net Zero Asset Managers initiative as a means of lowering our carbon impact.

Community

WELLINGTON FOUNDATIONS

The Wellington Management Foundation was founded in the US in 1992 as the Wellington Management Company Charitable Fund. Since its inception, the Foundation has reflected our firm's culture and values, relying on employees who volunteer their time and talent via the Foundation's advisory board, nonprofit relationship teams, and our grant recommendation committee. Through the combined generosity of the firm and these individuals, the Foundation is able to direct 100% of donations to organizations that meet its mission to promote and support education.

The Wellington Management UK Foundation was established in 2016 to continue in this tradition, making grants to organizations in the UK and Europe. In 2020, the US Foundation and UK Foundation collectively provided more than US$9 million in grants and donations across more than 100 organizations globally. Each of these organizations fulfills a vital role in its community, improving education and educational opportunities for youth from marginalized populations. For more information, please visit wellingtonfoundation.org.

COMMUNITY INVOLVEMENT AND VOLUNTEERISM

As the Foundation has expanded its reach and employee participation, dedicated relationship teams work with grantees and other charities to offer "support beyond dollars." As the primary point of contact for the organizations, these teams help coordinate volunteer opportunities and programming. Each relationship reflects the organizations' specific needs and goals. Examples of volunteer activities include:

- Participating in college-essay "boot camps," resume writing workshops, and mock interviews
- Judging debate tournaments, business plan pitches, and civic presentations
- Serving as mentors, tutors, and career advisors
- Organizing talks and career events for veterans
- Cooking and serving food for people without housing
- Hosting on-site career days and forging connections to campus recruiters
- Partnering with local ecological parks.

Our Employee Volunteer Program encourages each employee to spend two business days a year volunteering at nonprofit organizations. Our Annual Appeal provides employees with a convenient, meaningful way to provide financial support to global and regional nonprofit and nongovernmental organizations of their choosing. In 2020, more than 2,800 pledges were made to 58 organizations. The firm's Matching Gift Program matches employee donations to registered nonprofit organizations.

SUPPORTING OUR COMMUNITIES IN 2020

In 2020, the firm responded to the COVID-19 pandemic and the work toward racial equity and social justice in the US in the following ways:

- Beginning in March, our US-based Foundation offered Emergency Grants of US$25,000 to more than 100 of our global grantees and our UK Foundation increased funding to all 24 of its grantees by 50%. Over the course of the year, our US Foundation went on to provide an additional US$700,000 in funding to organizations working to support remote learning in schools and programs throughout eastern Massachusetts.
- In April, the firm donated to 13 essential charities on the front lines of the COVID response, one in each region where we have an office.

- In August, our US-based Foundation initiated a national scholarship with United Negro College Fund (UNCF) for 50 students at Historically Black Colleges and Universities (HBCUs). Additional programs and support for students at HBCUs are being developed by the firm's recruiting and talent development teams.
- In September, more than 700 employees participated in the UNCF Fitness Challenge, raising more than US$200,000 for the organization.
- In December, the firm donated to four social justice organizations that were also highlighted as options for employee donations in our year-end Annual Appeal: the Equal Justice Initiative, the National Urban League, UNCF, and Year Up.

The firm is also pleased to have been able to continue its volunteering efforts within the community, despite the challenges of lockdowns and restricted mobility. Many streams of our volunteer work shifted virtually, allowing us to continue to collaborate with our charity partners. For example, in London, 19 Wellington employees provided weekly online tutoring in English and mathematics, as part of our continued work with Action Tutoring — an education charity supporting pupils from disadvantaged backgrounds to achieve a meaningful level of academic attainment, with the goal of helping them progress to further education.

For additional information, please visit our community engagement page.

Culture

A central tenet of our culture is our commitment to maintaining a singular focus on clients every day. This commitment is reflected in our governance, talent development, diversity, equity, and inclusion efforts, and several initiatives aimed at continual improvement. The advantages we offer our clients come from a combination of characteristics, including the clarity of our mission, the simplicity of our business strategy, and the sustaining strength of our culture.

We are client focused. We exist for our clients and are driven by their needs. We are guided by the maxim "client, firm, self." This translates into an emphasis on superior investment results, exceptional service, and a fiduciary mindset.

We value integrity. We hold ourselves to the highest ethical standards. Trust is at the core of our relationships with clients and with each other. We work hard to earn and sustain that trust.

We are a meritocracy. We value excellence and set the bar high in all facets of our business. We seek to attract, retain, and inspire the best and most dedicated individuals.

We are innovative. We believe continuous improvement is critical amid constant change. We must take risks, innovate, and evolve. Our emphasis on learning and our entrepreneurial spirit enable us to meet the shifting needs of our clients.

We are collaborative. We expect and value collaboration — it is a hallmark of our culture. A sense of community exists at our firm. Teamwork predominates. We believe seeking a wider audience leads to healthy debate and superior results.

We value a global mindset. We seek divergent perspectives and commonalities across geographies, cultures, and business norms. Ideas, opportunities, talent, and leadership can come from anywhere.

We are inclusive. Ideas have no hierarchy. Our transparency and open architecture facilitate the exchange of ideas, giving each of us a voice and a responsibility. We value feedback for our own development and are willing to offer it to others.

We value diversity. Differences in our human experiences help us challenge conventional wisdom, spark creative thinking, and enrich our lives and professional relationships. We believe diversity of thought improves decision making.

We are confident and resilient. We approach our business in a positive and optimistic manner. Our long-term focus has helped us persevere through difficult market and business environments.

We are humble. We are focused on achievement, but are humble about our accomplishments and try to learn from our mistakes. We seek no public profile, collectively or individually, except when it is in our clients' best interests to do so. We take what we do seriously, but we do not take ourselves too seriously.

We are humanistic. We recognize that careers and lives are not linear. People accelerate, stagnate, go backwards, solve problems, and move on. The acceptance of this ebb and flow of life is an important part of who we are.

PARTNERSHIP MODEL

Among our founding partners' legacies is a dedication to sustainability and stewardship, that it is incumbent on current generations to leave the world in better shape for future generations. Stewardship requires a long-term fiduciary approach to running the business and considering all stakeholders.

Our commitment to the perpetuation of the partnership is resolute. Every one of the current 182 partners is a full-time participant in the activities of the firm, sharing in both the risks and rewards of the enterprise. We believe this creates a level of prudence and due diligence that differentiates us. The breadth of ownership and structure of the partnership ensure successful generational transition. Each business group and portfolio management team undergoes continuous succession planning. The private partnership also frees the firm from answering to the needs of outside interests and from pressure for short-term results. We view the partnership model through the ESG lens as well. In 2018, we separated the roles of CEO and chair, further supporting independence, respectful debate, and oversight at the senior level of the firm.

EMPLOYEE ENGAGEMENT

We are currently using our talent engagement and manager capability survey feedback, coupled with focus groups and individual meetings, to measure inclusion at the firm. These surveys run every couple of years to enable us to set milestones, make improvements, and gather more feedback. It is an ongoing process versus a destination and recognizes that it is people who drive culture, so, as new talent joins, each of us influences a shift in the culture. Since the COVID-19 shift to working from home, we have organized a team to conduct research and make recommendations on the "Future of Work" at Wellington. The team's mission is to ensure we continue to meet our clients' investment and service expectations, attract a diverse pool of talented professionals, improve employee well-being and engagement, and preserve our unique culture.

In February 2021, we completed a firmwide Future of Work survey to inform our approach, with a strong 80% participation rate and an innovation challenge that generated more than 9,100 views. The team is tasked with creating a clear philosophy and guiding principles as a framework for the Future of Work at Wellington, including specific recommendations for implementation. Among the issues they will consider are flexibility, geography, technology, collaboration, productivity, and policies. The team will be conducting their own benchmarking and analysis to develop a set of recommendations prioritizing those facets important to employee engagement and satisfaction.

TALENT DEVELOPMENT

As a talent-based business, we strongly believe in talent development. We facilitate coaching, on-the-job teaching, participation in internal meetings and industry seminars, as well as external formal technical and professional training. Senior professionals at the firm work to ensure that more junior professionals receive growth opportunities, feedback, and guidance. We aim to ensure that every individual can leverage their unique strengths and seize opportunities to learn and grow. We post newly open positions internally on our intranet, and we encourage employees to apply for any position for which they believe they qualify.

Diversity, equity, and inclusion (DEI)

The Wellington community is grounded in the universal and inviolate principle that all people are created equal, and that discrimination in any form is unacceptable. This truth guides our firm's mission to be diverse, inclusive, equitable, and humanistic. We also see having a globally diverse workforce and an equitable and inclusive culture as vital to our success. As a global asset management firm, we define diversity, equity, and inclusion broadly:

Diversity: The full range of inherent, acquired, organizational, and unique differences or similarities; diversity shows up as both cognitive (brain) and identity (body) diversity

Equity: The state, quality, or ideal of being just, impartial, and fair; understand and give people what they need to thrive; ensure systems, processes, policies, and practices are in place to empower individualism, excellence, and fairness

Inclusion: The action or state of including or of being included within a group or structure; it starts with a mindset that seeks the input and perspectives of others as a valuable ingredient to make optimal decisions, and involves authentic and empowered participation which results in a true sense of belonging

As a firm, we focus on the dimensions of diversity, equity, and inclusion with the greatest opportunity for improvement, which we can then leverage to deliver better investment results and solutions for our clients. Our commitment to DEI helps us attract, develop, promote, and retain talent. It creates opportunities for collaboration and creative solutions. It also strengthens our ability to adapt to changing local and global markets and helps connect us with current and prospective clients.

FIVE-YEAR DEI PLAN

We have created a five-year global diversity, equity, and inclusion strategy and action plan. Our approach is driven by firm leaders, implemented by managers, supported by employees, and guided by our global diversity, equity, and inclusion team. We have set specific goals linked to talent, culture, and community, customized for each functional area and local office to ensure global consistency with local relevance. One aspect of our talent goals is to increase the representation of underrepresented demographic groups across our functional areas and offices. Although our goals vary depending upon the demographic makeup of the group, examples of areas we have identified for improvement include representation of female talent across the firm (currently 43% of our global employees are female) and within our investment areas (28% of our investment professionals are female), as well as representation of people of color (31% of our US-based employees are people of color).

We believe transparency regarding diversity data creates accountability and allows our firm and our industry to measure progress. To that end, we conduct an annual review of quantitative diversity dashboard metrics with senior leadership and team managers, periodic reviews of qualitative talent engagement survey feedback, and an assessment of individual contributions as part of the performance appraisal process. We are also evaluating how to provide more transparency to our clients and partners on our DEI strategy, goals, and progress toward them. More to come in 2021 – 2022.

We are also focused on ensuring equity within our workforce by providing all talent with fair opportunities to realize their full potential. We have implemented a range of programs and

solutions to enable our employees to find the way that works best for them to access the knowledge, resources, opportunities, and support they need to maximize their performance and impact on behalf of our clients. We also have robust processes in place to review our talent decisions, including decisions relating to our promotion and compensation processes, which provide regional, global, and cross-functional lenses to ensure consistency and fairness. We continuously review and update our talent strategies, processes, policies, and programs.

DEI TALENT INITIATIVES

At Wellington, we retain our talent through engagement, development, and incentives. We hire diverse talent and provide learning opportunities that combine robust industry content with professional skills to foster an inclusive environment. We develop targeted groups such as new joiners, managers, underrepresented talent, and investors with both formalized training and an apprentice model. Below are examples of DEI initiatives and collaborations that have resulted in a more diverse workforce:

- Diversity internships and co-op assignments
- Early-in-career programs across investment, client, and infrastructure platforms
- Historically Black Colleges and Universities (HBCUs) Scholarship and Engagement Program, which includes the following four components:
  - A merit-based scholarship (the Wellington HBCU Scholars Program) that helps defray the cost of a student's college tuition
  - An opportunity for two paid internships
  - Engagement with participating schools through Wellington-sponsored activities
  - Full-time placement in an early career position upon graduation
- Use of specialized/boutique search firms to identify underrepresented mid-career talent
- Diversity lens in talent-management processes
- Global talent succession planning
- Accountability process, Diversity Dashboard, and talent engagement surveys

DEI CULTURE INITIATIVES

In the fall of 2020, we created the Diverse Talent Steering Group (DTSG), a global, cross-functional group of leaders responsible for inspiring meaningful, bold, and progressive action that will lead to differentiated outcomes.

Our leadership has worked to develop an accountability framework that includes strategic goal setting, diversity-focused talent reviews, direct employee feedback on manager effectiveness and inclusion, tracking of key metrics, and an annual progress update for the firm. Additionally, we have expanded diversity, equity, and inclusion training for our managers and leaders. For example, we have hosted manager forums to build inclusive leader capabilities for managers of diverse teams. Additionally, we have introduced new approaches to developing underrepresented talent through tailored development plans, including mentor and sponsor matches with a group comprised of partners and managing directors at the firm called the Upstanders.

We have also launched programs that foster open conversations and better education about the realities our BIPOC (Black Indigenous People of Color) colleagues face and ways we can contribute to an inclusive environment. For instance, we launched "Becoming Allies," a group that focuses on racial equity, race dialogues, and active bystander actions. This group focused on several self-directed and instructor-led learning mediums, including reading "How to be an Antiracist" by Dr. Ibram X. Kendi, who spoke to our firm during this year's Black History Month. Furthermore, Wellington co-hosted Bystander Intervention in the Workplace webinars for all employees.

We implemented new forms of apprenticeship through committee and project work. We also created the Groundbreakers Academy, a program that aims to bring together a global cohort of early- to mid-career employees from diverse or less dominant backgrounds in a learning program to build their professional and leadership impact while deepening their networks with peers and senior leaders.

In addition to these mentorship, allyship, and apprenticeship programs, we have also incorporated the following into our DEI initiatives:

- Global DEI Steering Group and Regional DEI committees in the Americas, APAC, and EMEA
- DEI Commitment plans for each business team and region
- Skills-building sessions on unconscious bias and cross-cultural, generational, and bystander intervention
- Guest speaker sessions on race and cultural differences
- Ongoing manager and talent engagement surveys and focus groups to solicit employee feedback which includes DEI

Approximately 65% of the firm is actively involved in at least one of our 13 business networks around the world:

- Access Asia
- Asians in Motion
- Conexiones
- disAbilities Awareness Network
- Four Seas
- Inclusion and Cultural Awareness Network
- Pride+
- Shades
- Tokyo Diversity Working Group
- Wellington Parents Group
- Wellington Veterans
- Wellington Young Professionals
- Women's Business Alliance

DEI COMMUNITY INITIATIVES

- Supplier diversity program incorporated into our procurement function
- Emerging brokerage firms' engagement as part of the global trading process
- 20+ external organization partnerships:
  - 100 Women in Finance – A global association of more than 10,000 professional women making a difference in both industry and community through educational programming, professional leverage initiatives, and philanthropy
  - 30% Club (Japan) – A global campaign led by chairs and CEOs taking action to increase gender diversity at board and senior management levels
  - ALPFA – A professional organization focused on developing Latinx business professionals and career skills in the United States
  - Girls Who Invest – A nonprofit dedicated to increasing the number of women in portfolio management and executive leadership roles in the asset management industry
  - INROADS – A nonprofit that helps develop and place talented underserved youths in business and industry and prepare them for corporate and community leadership
  - The CFA Institute's Driving Change Diversity and Inclusion in Investment Management – The CFA Institute's effort to change the investment management industry's failing grades on DEI
  - NASP – a professional organization that serves as a resource for underrepresented professionals within the securities and investments industry by providing opportunities to share information about the securities markets, facilitate fundamental educational seminars, and create networking opportunities
  - Diversity Project (UK) – A group of investment industry leaders committed to accelerating progress toward inclusivity

For additional details regarding our DEI approach, please refer to Wellington's DEI web page.

CLIENT ENGAGEMENT

We continually engage with our clients and seek feedback on all aspects of the services we provide. This includes collating feedback on our approach to sustainability and stewardship. In addition to the regular interactions conducted by our Client Group and investors, our dedicated Sustainability Team had over 400 direct meetings with clients, consultants, and prospects in 2020. In these meetings, we highlight our approach to stewardship and to specific issues like climate or DEI and seek feedback from clients. This feedback informs our stewardship strategy – for example, our clients' feedback relating to stewardship shaped several of our strategic initiatives during the year.

- Engagement Tracking Tool. Clients have requested evidence and details of portfolio-specific stewardship activities. The development of our tracking tool has been prioritized to assist with this (over and above regulatory requirements).
- Approach to net zero. We have identified five tools through which our portfolios can seek to achieve net-zero emissions by 2050: engagement, portfolio construction, divestment, investment in solutions, and credible carbon offsets. Recognizing the need to decarbonize the economy (not just our portfolios) to help our clients mitigate the worst impacts of climate change, our primary approach is to encourage companies to adopt science-based targets via engagements. In recent client discussions, we have found this to be consistent with how several clients would like to approach portfolio decarbonization.

A workstream of our Sustainable Investment Strategy, launched in 2020, is "Client Expectations and Requirements," with the mission to "provide real-time market perspective on client needs." This will ensure we have a coordinated approach to gathering and responding to client requirements. For example, as part of this workstream in the fourth quarter of 2020, we surveyed our EMEA clients on their expectations and requirements relating to Sustainable Finance Disclosure Regulation (SFDR).

We believe the ultimate measure of satisfaction is the tenure of many of our clients' relationships. The average tenure of our clients is more than eight years.

Closing thoughts and contact information

Year after year, Wellington's sustainable investment practices and operations continue to advance. Because we believe our commitment to sustainability enhances our ability to add value for clients, we push ourselves to improve and learn. From our ongoing climate research with Woodwell, to the development of new strategies to advance climate solutions, to our founding membership of the Net Zero Asset Managers initiative, we are incorporating climate science into investment decision making.

Similarly, through internal actions, expanding stewardship, new investment solutions, and collaborations like the Corporate Call to Action, we are striving to enhance disclosures and ensure progress on diversity, equity, and inclusion. We look forward to continuing to share our learning and evolution in these and other areas in the years to come.

For additional information, please contact your relationship manager or visit us online:

wellington.com

wellingtonfunds.com

linkedin

Sustainable investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised, by Wellington will reflect the beliefs or values of any one particular investor. Sustainable investing norms differ by region. There is no assurance that any sustainable investing strategy and techniques employed will be successful.

Please refer to the risks and important disclosures at the end of this report.

Appendix: UK Stewardship Code principles

Principle	Addressed in	Pages
Principle 1 | Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.	**Section 1:** About Wellington **Section 3:** Culture of stewardship **Section 6:** Resourcing and risk management **Section 7:** WellSustain: Our corporate sustainability initiatives	4 14 36 42
Principle 2 | Signatories' governance, resources, and incentives support stewardship.	**Section 3:** Culture of stewardship **Section 6:** Resourcing and risk management **Section 7:** WellSustain: Our corporate sustainability initiatives	7 7 42
Principle 3 | Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	**Section 3:** Culture of stewardship	14
Principle 4 | Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	**Section 2:** Our approach to sustainability **Section 6:** Resourcing and risk management	7 37
Principle 5 | Signatories review their policies, assure their processes, and assess the effectiveness of their activities.	**Section 3:** Culture of stewardship	14
Principle 6 | Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	**Section 1:** About Wellington **Section 3:** Culture of stewardship **Section 4:** Engagement philosopy, approach, and examples **Section 7:** WellSustain: Our corporate sustainability initiatives	4 14 21 42
Principle 7 | Signatories systematically integrate stewardship and investment, including material environmental, social, and governance issues, and climate change, to fulfil their responsibilities.	**Section 2:** Our approach to sustainability **Section 3:** Culture of stewardship **Section 4:** Engagement philosophy, approach, and examples **Section 6:** Resourcing and risk management	7 14 21 37
Principle 8 | Signatories monitor and hold to account managers and/or service providers.	**Section 3:** Culture of stewardship	14
Principle 9 | Signatories engage with issuers to maintain or enhance the value of assets.	**Section 2:** Our approach to sustainability **Section 3:** Culture of stewardship **Section 4:** Engagement philosophy, approach, and examples	7 14 21
Principle 10 | Signatories, where necessary, participate in collaborative engagement to influence issuers.	**Section 2:** Our approach to sustainability **Section 3:** Culture of stewardship **Section 4:** Engagement philosophy, approach, and examples	7 14 21
Principle 11 | Signatories, where necessary, escalate stewardship activities to influence issuers.	**Section 3:** Culture of stewardship **Section 4:** Engagement philosophy, approach, and examples	14 21
Principle 12 | Signatories actively exercise their rights and responsibilities.	**Section 3:** Culture of stewardship **Section 5:** 2020 engagement and voting activity	14 29

Risks and important disclosures

INVESTMENT RISKS

All investments involve risks. Given the long timeframes 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.

ABOUT THIS REPORT

The Shareholder Rights Directive II (SRD II) is a European Union (EU) directive, which aims to strengthen the position of shareholders and ensure that decisions are made for the long-term stability of a company. The UK Stewardship Code 2020 sets high expectations for how investors, and those that support them, invest and manage money, and how this leads to sustainable benefits for the economy, the environment, and society. At a high level, the purpose of these directives is to promote long-term shareholder engagement through increased transparency and encourage long-term investment decision making by both asset owners and asset managers. This report is designed to be an overview of our progress toward sustainability goals and investment practices and should not be taken as advice or a recommendation. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Data provided is as of 31 December 2020 | Company examples are for illustrative purposes only, are not representative of all investments made on behalf of our clients, and should not be interpreted as a recommendation or advice. Company information is sourced from multiple sources including the following: annual and quarterly reports; industry research pieces; company websites; press releases; case studies; and company engagements.

Individual portfolio management teams may hold different views and may make different investment decisions for different clients. Views may change over time. Each client account is individually managed; the extent to which ESG research and sustainable investing are considered in the investment process will vary depending on the investment policy established for the approach or fund. 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.

United Nations Sustainable Development Goals (SDGs): United Nations SDGs and targets are sourced from UN.org. Wellington determines, based on its own research of each company, the United Nations SDGs and targets that, in our view, each portfolio company is most aligned with. Other investment firms may take different views. Wellington Management supports the United Nations Sustainable Development Goals. This information should not be construed as a recommendation or endorsement by the United Nations for any investment example shown or Wellington Management. Examples are also not indicative of their future performance. Additional information is available upon request.

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