

## Wellington Management Engagement Policy

### *Singular focus for the benefit of our clients*

Wellington's sole mission is to exceed the investment objectives and service expectations of our clients worldwide.

- 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 are guided by the maxim "client, firm, self." This translates into an emphasis on investment results, exceptional service, and a fiduciary mind-set. 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.

### *Empowered investment teams and rigorous proprietary research*

Our belief in active management and our deep sector expertise across equity, credit, and environmental, social, and corporate governance (ESG) research are cornerstones of our investment platform. As active managers, we are owners by choice. It is our fiduciary duty to conduct deep research and ensure ongoing dialogue with the companies in which we invest. Our career industry analysts across equity, fixed income, and ESG bring extensive knowledge of their industries. As thought leaders, 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. We believe that through informed, active ownership, we can affect corporate behavior by encouraging what we consider best practices on material issues that may ultimately benefit our clients.

Our firm is organized as a community of investment boutiques — each with its own rigorously vetted investment philosophy and process; we do not have a singular chief investment officer (CIO) making decisions on behalf of all clients rather we have empowered portfolio teams who are aligned directly with the outcomes they produce for the clients for whom they invest. Consistent with this model, each of our portfolio teams develops its own strongly held investment beliefs whereby stewardship considerations are integrated into its research and decision-making processes. Our culture emphasizes collaboration meaning that investors share their perspectives with each other in a variety of forums. This diversity of perspectives leads to constructive challenge and debate when considering the merits of the securities in which we invest on behalf of clients. Ultimately, each portfolio team acts as a fiduciary for its clients and 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.

### *Stewardship across asset classes*

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. The mechanisms we use to implement our stewardship activities vary by asset

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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

Direct engagement with company management on a range of issues, including strategy, financial performance and risk, capital structure, and ESG considerations, is a core part of our investment process. A substantial portion of our company research is informed by direct, persistent contact with company management and boards of directors, both in our offices and through on-site company visits. Portfolio managers, industry analysts, and ESG analysts all take part in, and have a shared responsibility for, our ongoing dialogue with investee companies, as well as suppliers, customers, and competitors. Investors host more than 10,000 company meetings around the world each year. Maintaining this ongoing dialogue is central to how we implement our stewardship responsibilities and informs the investment decisions we make on behalf of our clients.

Prioritization of stewardship activities is a bottom-up process with numerous inputs, including firm ownership and materiality of industry- and company-specific risks. Through engagement with management teams 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 engagements, the ESG Research Team sets stewardship objectives for the forthcoming year which are relevant across companies and sectors.

Due to our firm's significant presence and long-term track record in nearly all sectors of the global securities markets, we have ongoing direct access to company management. We believe this access is highly valuable given the number of meetings we conduct, the breadth of our contacts, and the quality of the discourse. As a result, our model is generally to engage privately with investee companies, as we have found this encourages openness and a constructive and lasting engagement dialogue. We seek to ensure that companies are acting in the best interest of their capital providers, in the same way we are responsible for acting in the best interest of our clients.

Our company meetings are open to all interested investment personnel. Our central research collaboration platform and other forums, such as our daily Morning Meeting, facilitate sharing and debating insights from engagements. We view this diversity of perspectives as a key strength of our model, as it encourages challenge and debate and can reinforce conviction in investment decisions.

To promote best practices, Wellington has an internal stewardship forum as a further resource for investors on engagement topics. Through this initiative, interested investors meet to identify issuers as potential candidates for engagement, share case studies, and collaborate across asset classes. The insights from these meetings are shared with Wellington's broader investment community.

We cultivate relationships with other asset management firms, academia, and broader industry organizations to share insights on corporate governance trends and local market considerations. We engage with other investors when such action would be in our clients' best interests and is permissible under applicable laws and regulations. We also engage with other stakeholders including business

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partners, employee representatives, suppliers, and nongovernmental organizations, where this dialogue may provide incremental insight into how a company balances the interests of its various stakeholders.

### *Material ESG considerations, including climate change*

Our ESG analysts conduct in-depth analysis of the ESG factors considered material to the companies within their sector coverage, sharing these insights across our investment teams and aligning our proxy voting in an effort to benefit shareholders. Materiality is the foundation of our integration process, as the ESG considerations likely to impact long-term value are not identical for every sector or industry.

As we assess the potential impacts of climate change on our clients' portfolios, we continue to identify near- and longer-term risks and potential opportunities across sectors, geographies, and asset classes. We monitor our clients' evolving investment objectives related to the energy transition and physical risks of climate change given shifting regulatory requirements and the opinions of beneficiaries. We do this in conjunction with our mission to exceed the investment objectives and service expectations of our clients.

Informed by our collaborative initiative with Woods Hole Research Center (WHRC), the world's leading independent climate research institute, Wellington is integrating climate science and asset management. This research effort is developing actionable climate projections in order to better understand how and where climate change may impact global capital markets and improve climate risk assessment. We aim to leverage this research in our engagement dialogues and serve as a thought partner to our portfolio companies, encouraging them to take early action to address these threats and potentially improve long-term investment outcomes for shareholders. Please refer to our report, [Managing climate risk: Our approach to the TCFD recommendations](#), for additional information about how climate change is being considered in our research and investment processes.

### **Proxy voting**

We vote proxies in what we consider to be the best interests of our clients as shareholders and in a manner that we believe maximizes the economic value of their holdings. Our approach to voting is investment-led and serves as an influential component of our engagement and escalation strategy. We prefer that clients delegate voting responsibility to their portfolio managers. The Investment Stewardship Committee, a cross-functional group of experienced professionals, establishes Wellington Management's Proxy Voting Guidelines. The ESG Research Team examines proxy proposals on their merits and recommends voting against proposals that we believe would have a negative effect on shareholder rights or the current or future market value of the company's securities. The ESG Research Team provides recommendations to each portfolio manager who makes the final decision 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. This robust set of voting procedures and the deliberation that occurs prior to a vote decision are aligned with our role as active owners and fiduciaries for our clients.

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### **Governance and oversight**

Wellington's Investment Stewardship Committee oversees and monitors our stewardship activities, including direct engagement, letter writing, and proxy voting. The committee approves enhancements to existing stewardship policies and procedures and reviews stewardship regulation to assess alignment with our approach. The committee includes senior-level and experienced professionals from portfolio management, investment research, relationship management, and legal and compliance globally. Currently, we do not plan to conduct third-party assurance of our stewardship activities. The committee will oversee the reporting of outcomes in compliance with regulations.

Stewardship is the responsibility of investors, with support from functional line managers and the Investment Products and Strategies (IPS) Group, among others. The IPS Group is also responsible for investment integrity for Wellington's platform of investment strategies. Given its deep understanding of each portfolio management team's philosophy and process, we believe the IPS Group is well positioned to monitor that portfolio holdings are consistent with the stated investment and stewardship approaches and communicate evidence of ESG integration to clients.

Investment guidelines outline our clients' objectives and may include reference to the relevant time horizon for performance and expectations for ESG integration. Stewardship activities undertaken by each investment team are consistent with their stated philosophy and process and the strong commitment to fiduciary responsibility. Periodic reporting and manager oversight meetings provide ongoing forums for portfolio managers to demonstrate to their clients how ESG issues are taken into account, consistent with their strategies' stated philosophy and process.

#### *Stewardship personnel: Qualifications and incentives*

We seek to hire a diverse group of talented individuals who we believe are, or can become, the best at what they do — and who are passionate about their work. We seek to hire those who can bring a diverse perspective and set of experiences, and who embrace Wellington's client-focused and fiduciary-oriented culture. Our hiring practices result in significant average years of experience and tenure for our research professionals.

Our compensation plans are designed to be fair and motivational over time in an effort to attract and retain the best professionals in the investment industry. Where appropriate, a portfolio manager's incentive payment is linked to 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. This emphasis on longer-term performance is aligned with the time frame within which we believe our stewardship efforts add value.

#### *Service provider oversight*

Wellington conducts an in-depth review of any new outsourcing providers, including proxy vote execution platforms, consultants, technology maintenance, and staff augmentation. The degree and frequency of due diligence performed will be commensurate with the level of risk and complexity of the relationship. Extensive due diligence will be conducted on third-party vendors that are involved in critical activities or have access to nonpublic data. This due diligence may include review of the

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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, compliance governance, and an operational site visit. Service levels for each of the service providers are regularly monitored by the business.

Wellington does not outsource to external investment managers for investment mandates we manage on behalf of clients.

### 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. Our policies and procedures for managing conflicts of interest in our voting practices are detailed in our [Global Proxy Policy and Procedures](#).

We have adopted and implemented policies and procedures that we believe are reasonably designed to manage conflicts if they arise in our stewardship activities. Annually, our Investment Stewardship Committee reviews and sets standards for identifying material conflicts with respect to proxy voting and corporate engagement — including whether a company is a significant client, lender, or vendor of the firm — and publishes those to investors for consideration in voting and engagement. In addition, the Investment Stewardship Committee encourages all personnel to contact the ESG Research Team about apparent conflicts of interest, even if the apparent conflict does not meet the published materiality criteria.

Pursuant to the referenced Global Proxy Policy and Procedures, potential conflicts may be resolved by votes in accordance with our published Proxy Voting 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 Investment Stewardship Committee 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 were executed solely in the best interest of our clients.

### Conclusion

In summary, engagement and stewardship are intrinsic components of our research and decision-making processes in order to fulfill our mission to exceed the investment objectives and service expectations of our clients worldwide. We are guided by our role as fiduciaries of our clients' assets and have implemented our stewardship practices seeking to maximize the long-term value of securities we hold in client portfolios. We believe our fundamental research model and community of investment boutiques position us well for constructive engagement with companies. Through informed, active ownership, we can affect corporate behavior by encouraging what we consider best practices on material issues in order to benefit our clients.