Wellington Management 2023 Engagement Policy

WELLINGTON MANAGEMENT®

INTRODUCTION

Wellington's commitment to thorough research and constructive dialogue with company management and boards is at the heart of our investment philosophy. We believe engagement and voting are an integral part of our fiduciary responsibility and are mutually reinforcing activities. By actively engaging with issuers and exercising our voting rights, Wellington seeks to achieve favorable outcomes which could enhance the value of our clients' investments over the long term.

As active managers seeking to deliver sustainable, competitive investment returns for our clients, we invest in securities by choice, and our corporate engagement is a form of active ownership. Through engagement, we encourage companies to hold high standards for governance and sustainability practices that can enhance resilience and profitability. We believe that through informed, active ownership, we can improve corporate behavior and further best practices on issues material to client outcomes.

Engagement is one element of our overall stewardship approach. The mechanisms we use to implement our stewardship activities ––engaging with companies and voting proxies on our clients' behalf –– vary by asset class. Engagement applies to all investments we track across equity and credit, in private and public markets. Proxy voting applies mostly to public equities.

ENGAGEMENT APPROACH

We typically start with routine one-on-one engagement with investible companies during the investment due-diligence process. This starting point helps prioritize issues for subsequent engagements post investment and, ultimately, informs the investment decisions we make on behalf of our clients. Thanks to our long history of investing in nearly all sectors of the global securities markets, we have direct access to most company management teams and boards. Each year, our portfolio managers, global industry analysts, credit analysts, and ESG research analysts conduct regular, in-person or virtual company meetings around the world.

As thought leaders, our career industry analysts across equity, fixed income, and ESG research bring extensive knowledge of their industries and develop long-term relationships with management and board members. These insights are reinforced through our engagement work.

We focus on gaining differentiated insights, assessing and influencing the risks and opportunities facing an issuer, encouraging transparency improvements, and influencing behavioral changes that we believe may impact the future profitability and resilience of a company. We prioritize engagement on material issues most likely to have a financial impact on companies or affect operations. We seek to understand corporate strategy and share our views, if appropriate, on material topics such as capital allocation, risk management, and environmental, social, and governance (ESG) practices.

There are a number of ESG issues that we believe could be material to long-term company performance. We expect engagement on these themes to increasingly influence future investment decisions. Examples include talent diversity, modern slavery in supply chains, building resiliency to physical climate risks, and establishing targets to reduce greenhouse gas emissions and mitigate climate transition risks. The “weight” or prominence of how these issues may influence future investment decisions will differ based on the ESG topic, materiality, the security type, time horizon, and the investment philosophy and process of the portfolio team.

Portfolio teams increasingly track key engagements to monitor progress toward outcomes. The Sustainable Investment Team, which has responsibility for executing proxy voting and collaborates with portfolio teams on engagements, reviews engagement outcomes and assesses the effectiveness of engagement tracking on material topics. This monitoring can help inform voting or escalation strategies and policy changes.

As a community of investment boutiques, each of Wellington’s portfolio teams acts as a fiduciary for its clients. Differences in investment philosophy and process across teams mean that the way in which stewardship, including engagement and escalation strategies, is incorporated into the investment decision-making process may vary across investment approaches.

Wellington’s engagement strategy includes input from and engagement with third parties. We may receive supporting input for engagement from proxy voting advisors, brokers, and third-party research and scientific groups. We also may engage with other stakeholders including business partners, employee representatives, suppliers, and nongovernmental organizations. As an example, our engagement dialogue on climate risk leverages our research collaboration with the Woodwell Climate Research Center and the Massachusetts Institute of Technology.

Wellington cultivates relationships with other asset management firms, academia, and broader industry organizations to share insights on corporate governance trends and local market considerations. Among the tools at Wellington’s disposal is the ability to engage with external investors when such action would be in our clients’ best interests and is permissible under applicable laws and regulations.

Wellington may also leverage questionnaires to assess standards of practice, send letters to management and/or board members, and use other forms of electronic engagement to engage on material issues.

Wellington’s Engagement Policy is reviewed and approved by Wellington’s Investment Stewardship Committee. The Investment Stewardship Committee oversees and monitors Wellington’s stewardship activities, with oversight of proxy voting and engagement practices.

ESCALATION PROCESS AND TOOLS

Continuing dialogue with companies is at the heart of our engagement activity. We aim for positive engagement outcomes that ultimately benefit our clients. Engagement through routine meetings does not always result in our desired progress on a material topic; in these instances, we may escalate our approach, particularly if we deem the issue at hand to be material to the long-term financial performance of a company. Wellington investors consider multiple factors, including materiality and impact, in deciding whether an engagement requires escalation and which escalation steps will be used. The choice of escalation steps may also be informed by differences in investment philosophy and process across portfolios where a company’s securities are held.

Wellington increasingly tracks and measures engagements to inform the potential for escalation. The Sustainable Investment Team ensures that all portfolio teams are familiar with the escalation tools at their disposal.

Escalation tools

Board member engagement: Our portfolio managers may decide to engage with specific board members. When access proves challenging or when a board member is unreceptive to feedback, we may outline our position and engagement goals in a letter to the full board. This is an important escalation tool that may indicate our future voting intentions if an issue remains unaddressed.

Proxy voting: We actively use the votes we make on our clients' behalf to express investor views to the board. For example, a vote against a director helps hold a company to account on a material topic, and portfolio manager support of a shareholder proposal can help achieve specific goals.

Public forums: There may be cases where our escalation through private engagements proves unsuccessful. In these instances, portfolio managers have recourse to public engagement tools. This may include voicing concerns on an engagement topic in the press or through a letter-writing campaign with other shareholders. It may also entail calling for change at an individual issuer in forums such as a company's annual general meeting. Collaborating with aligned investors through industry forums is another way to achieve a goal that is in the best interest of our clients. Through these collaborative engagements, however, we generally do not form groups, act in concert, or make any collective investment, voting, or other decisions or agreements with other shareholders, nor do we ask, encourage, or allow the industry forum itself or any of its shareholder members to represent our views or speak on our behalf. We carefully weigh any decision to engage publicly on a case-by-case basis, in collaboration with our Sustainable Investment Team and the Investment Stewardship Committee.

Divestment: While any decision to divest of an issue or issuer is made at the portfolio level, Wellington generally promotes the merits of engagement over divestment. While divestment sends a signal of dissatisfaction, this comes at the loss of influence when we cease to own the asset. Our preference is to build a pathway to change through continuous engagement.

Conflicts of interest

Annually, Wellington's Investment Stewardship Committee reviews and sets standards for identifying material conflicts with respect to proxy voting and corporate engagement ––based on our client, vendor, and lender relationships. Additional details are located on our website here.

Important Information