

# Stewardship and Engagement Policy

Conning's<sup>1</sup> Stewardship and Engagement Policy broadly encompasses the core assets managed on behalf of institutional clients in North America, Europe and Bermuda.

Conning's fiduciary responsibilities require us to act in the best interests of our clients and to protect and enhance the economic value of investments we manage on their behalf. We believe that good stewardship, founded upon a sound governance and risk framework, and supported by active Issuer (companies, governments, and other issuers) engagement, is key to delivering against those responsibilities.

Good stewardship is essential to understanding the sustainable value of companies and, through appropriate engagement, encourages a standard of behavior that protects and enhances that value. To that end, Conning integrates ESG factors into investment policies and practices, including engagement with Issuers and the exercise of voting rights, where applicable.

## Engagement, Stewardship Tools and Approach to Collaboration

By engaging with Issuers, we improve our understanding of the issues they face and their approaches to managing them.

Conning engages on issues affecting the long-term sustainability of an Issuer's business wherever possible. Issues may include, but are not limited to, business strategy, economic performance, acquisitions and disposals, operations, internal controls, risk management, sustainability, governance, climate change, environmental and social responsibility.

Direct engagement with Issuers is a core responsibility of investment analysts and forms a key part of their credit analysis.

The scope of analyst engagement varies but typically involves one or more of the following:

- Direct meetings with Issuer representatives, advisers, and stakeholders.
- Written, telephonic and video communication with Issuer representatives, advisers, and stakeholders.
- Collaborative engagement with other members of the investment community.

Engagement activities are prioritized based on the materiality of the issue, and the size of our exposure to the individual Issuer.

Prioritization of ESG factors depends on the type of Issuer. For example, environmental factors would be a primary focus for manufacturing industries with high historical levels of emissions, either through production or end use of products, while governance is a greater focus for financial services companies.

As primarily a fixed-income investment manager, Conning believes that direct engagement with Issuers provides the best opportunity to achieve the maximum impact.

## Proxy Voting

Conning is responsible for voting proxies as contractually stated in the investment guidelines/agreements with our clients. To adhere to this responsibility, Conning primarily employs an external proxy-voting agent. The third-party proxy voting agent monitors and votes proxies in accordance with guidelines aimed at promoting shareholder value, including good corporate governance practices. Conning's overriding objective is to vote proxies in the best interest of each client. Conning retains final authority and fiduciary responsibility for proxy voting on behalf of its clients.

## Climate

Analysis of Issuers and securities is strengthened by taking account of an Issuer's, or industry's exposure to physical risks from climate change, CO2 emission intensity and the transition risks and opportunities presented by moving towards a low-carbon economy which may affect performance or valuations.

Conning assesses all investments' exposure to climate risk as part of its ESG analysis of the sustainability and/or valuation of its investments.

## Conflict Resolution

Conning's fiduciary responsibility is to act in the best interest of the client. Should a conflict arise, senior management will take appropriate action to ensure clients' interests are protected. If a conflict should arise between Conning's Stewardship policy and a client's stated best interest, we will engage with the client to reconcile those conflicts within the regulatory and business framework recognizing our fiduciary responsibilities.

## Escalation

Escalation strategies will be determined on a case-by-case basis. Conning's preference is to engage privately with Issuers on these matters in the belief that it better serves the long-term interests of our clients to establish relationships that enhance, rather than hinder, constructive dialogues.

## Mandatory Elements

To the extent applicable, adherence to the Stewardship and Engagement Policy is mandatory across all asset classes.

## External Communication

Conning is committed to the Principles for Responsible Investment framework of annual reporting and review. We view this as a key mechanism for both internal and public examination and communication. We target strong ratings across all relevant areas and continue to use this as a mechanism to both measure our progress across relevant areas and communicate it with our clients and industry peers.

#### ABOUT CONNING

Conning ([www.conning.com](http://www.conning.com)) is a leading investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including insurers and pension plans, with investment solutions, risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

©2022 Conning, Inc. All rights reserved. The information herein is proprietary to Conning, and represents the opinion of Conning. No part of the information above may be distributed, reproduced, transcribed, transmitted, stored in an electronic retrieval system or translated into any language in any form by any means without the prior written permission of Conning. This publication is intended only to inform readers about general developments of interest and does not constitute investment advice. The information contained herein is not guaranteed to be complete or accurate and Conning cannot be held liable for any errors in or any reliance upon this information. Any opinions contained herein are subject to change without notice. Conning, Inc., Goodwin Capital Advisers, Inc., Conning Investment Products, Inc., a FINRA-registered broker-dealer, Conning Asset Management Limited, Conning Asia Pacific Limited, Octagon Credit Advisors, LLC and Global Evolution Holding ApS and its group of companies are all direct or indirect subsidiaries of Conning Holdings Limited (collectively "Conning") which is one of the family of companies owned by Cathay Financial Holding Co., Ltd. a Taiwan-based company. C# 15497214

#### ESG Disclosures

Clients utilizing ESG investing strategies and/or factors may underperform strategies which do not utilize ESG considerations. ESG strategies may operate by either excluding the investments of certain issuers or by selecting investments based on their compliance with factors such as ESG. These strategies may exclude certain sectors or industries from a client's portfolio, potentially negatively affecting the client's investment performance if the excluded sector or industry outperforms. ESG evaluations are subjective by nature, and Conning may rely on analysis and scores provided by third parties in determining whether an issuer meets Conning's standards for inclusion or exclusion. A client's perception may differ from Conning's or a third party's on how to judge an issuer's adherence to responsible investing principles.

Environmental, Social, Corporate Governance Considerations – Conning is a signatory to the United Nations Principles for Responsible Investing ("UN PRI"), and seeks to align its investment activities with the tenets of the UN PRI. However, Conning does not automatically negatively screen investments based on ESG, unless specified by client guidelines and does not represent that services are "ESG Compliant" or similar. Clients can continue to hold securities or industries that pose ESG risks.

#### FOOTNOTES

1. Conning Inc., Conning Investment Products, Inc., Goodwin Capital Advisers Inc. and Conning Asset Management Limited – collectively "Conning".