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Responsible Stewardship at Insight

2021

Insight INVESTMENT

BNY MELLON | INVESTMENT MANAGEMENT

Summary

Achieving financial outcomes for our clients is Insight's[1] primary responsibility. To achieve this, we evaluate financial and non-financial factors where it is relevant. We believe this commitment requires integrating environment, social and governance (ESG) factors into our decision-making and a process for conducting effective stewardship that is appropriate for each asset class. Our stewardship programme is broad, involving dialogue with individual issuers of securities as well as participants in the wider financial market. Our stewardship activities strengthen investment outcomes for our clients by reducing idiosyncratic and systematic risks inherent when investing.

We define stewardship as active engagement with our key stakeholders, including:

- Corporate issuers
- Sovereign issuers
- Originators
- Counterparties
- Regulators
- Industry bodies
- Investor peers

Engagement can focus on financial or non-financial factors and can is conducted by investment and non-investment staff.

This document outlines Insight's commitment to stewardship and responsible investing. It is designed around the twelve principles of the Financial Reporting Council's (FRC) Stewardship Code, but we believe the responses can apply to other country stewardship codes and comparable frameworks. The document provides a guide to the breadth of Insight's responsible investment programme and how we align stewardship with the principal outcomes of investment portfolios.

[1] Insight is the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). Insight includes, among others, Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIIL), Insight Investment Management (Europe) Limited (IIMEL) and Insight North America LLC (INA), each of which provides asset management services.

Contents

1 Purpose, strategy and culture

Insight's 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.

Purpose

Our purpose is to build a better future for our clients. To achieve this, we work to support stable and resilient social, environmental and economic systems and efficient, well-managed financial markets. These, in turn, will help us to achieve our clients' targeted investment outcomes.

We believe integrating ESG issues into our investment processes, and in our dialogue with issuers and other stakeholders, supports better investment decisions and can ultimately help our clients achieve their desired outcomes.

We aim to deliver on these commitments by:

- Putting responsibility at the heart of how we do business
- Integrating ESG issues into our investment processes
- Acting as effective stewards of companies and other entities
- Supporting efforts that seek to improve the operation, resilience and stability of financial markets
- Collaborating with other groups on ESG issues
- Exercising transparency on our activities

Culture

We focus on working in partnership with clients and their advisors to help deliver complex investment outcomes. We are regarded as a trusted advisor rather than product provider.

We have always had a culture of continuous improvement, demonstrable since we became a driving force in liability driven investment (LDI). We challenge conventional wisdom and build relevant solutions in an environment of continuous improvement, responsibility and autonomy where the best ideas can rise to the top.

We create a culture of camaraderie and trust in our business. Our flat-structured, team-based ethos makes it simple for us to communicate and share ideas. We focus on getting the right people with the right expertise working together to deliver results. On top of this we foster a strong culture of ownership, providing our staff autonomy and trust from the start, allowing them to make their own decisions that impact our business. Our workplace environment provides the right conditions for employees to hone their skills and expertise and develop within the business.

Corporate citizenship

The term 'Corporate and Social Responsibility' or 'CSR' relates to ways a company might interact with its employees, consumers, the environment and the wider community. Our CSR programme focuses on internal and external stakeholders. There are three key pillars of our work:

- Our markets
  - We seek to protect client interests and operate our business with integrity and resilience. We aim to achieve our goals through robust risk management and governance. We aim for forward-looking identification and assessment of potential risks using both quantitative and qualitative methods. Clear reporting and escalation processes ensure that the residual risk profile of the firm is appropriate and in line with the Insight Board's risk appetite. Timely setting and regular monitoring of actions reduce the risk profile and improve the control environment where these are deemed appropriate. Stewardship and responsible investment feed into these activities from a top-down strategic perspective as well as having a bottom-up role for investment and operational teams. We increase access to our ESG capabilities while seeking to develop vehicles that offer broader access to our responsible investment capabilities.

- Our people
  - We encourage effective leadership, well-being, diversity and inclusion for our staff. We develop successful leaders and managers who drive high productivity and engagement within their teams while challenging ourselves and our recruitment partners to ensure we have the right initiatives in place to encourage the promotion and development of a diverse workforce. We aim to be recognised as an employer of choice.
- Our world
  - We act responsibly to protect the wider world and, locally, to support the community including through the sponsorship of the arts and sciences and charitable partnerships. We support a global charity partner that has been voted for by colleagues with fundraising and volunteering. In addition, we focus on education programmes to ensure both our clients and future generations are financially astute. We are addressing the use of single-use plastic in the office while encouraging colleagues to recycle more and reduce waste from printers to reduce our overall environmental footprint and offset our negative emissions activities.

Diversity & Inclusion

At Insight, we understand that diversity is multi-dimensional – from national origin and disability, to gender and social background; it needs to be tackled from school age all the way up to Board level; and we still have much to do in many areas if we want to make a difference at the industry level. With regard to inclusion, one of our founding principles is that our culture allows all our colleagues to be able to bring their full selves to work each day and contribute to achieving our clients' goals. This is why we have a number of initiatives (outlined below) to push for greater diversity and continue to reinforce our positive culture of inclusion.

We recognise that diversity of thought, talent and experience is critical to the continued success of our business, industry and society. We are proud to have over 40 different nationalities at Insight. Our approach to recruitment, retention and promotion is based on creating objective, bias-free criteria and structured processes that allow evaluations and decisions to be based on factors relating to skill, competence and potential rather than background, gender, race and so on. Performance objectives for our people managers include creating a culture of inclusion where everyone is listened to and encouraged to develop ideas and collaborate with colleagues across the business.

In 2019, we joined The Diversity Project, a cross-company initiative championing a more inclusive culture within the Savings and Investment profession. It's ambitions are for our businesses to better reflect both society at large, and the individuals who trust us with their money, that our people will create better financial outcomes to benefit our diverse savers and investors and we will attract more interest in the industry, with a pipeline of diverse talent. By joining The Diversity Project, we are pledging to adhere to their code of conduct which includes adhering to their 10 standards, the first of which is that senior leaders have included diversity in their personal objectives.

While we have had a number of diversity and inclusion initiatives since 2017, a sub-committee of Insight's Executive Management Committee (EMC) has been formed to drive our diversity and inclusion strategy. A new and ambitious diversity and inclusion strategy has recently been agreed by our EMC and we are in the process of stepping up our programme.

With regard to measurement of our progress, Insight's core diversity data relating to gender, ethnicity and disability is thorough. We currently have a number of dashboards that are reviewed by the EMC each quarter which include data relating to our current 'stock' of colleagues, as well as the 'flow', for example recruitment, promotions and departures. We are also discussing the role of diversity targets and are in the process of determining medium and long-term targets. Further enhancing the diversity of the Insight team is a long-term undertaking. We have long-term goals that are supported by our EMC. However, we are also developing short and medium-term targets to help ensure we are on track.

In terms of external recognition, at this point we have not put ourselves forward for externally recognised awards. Part of our new strategy is to determine which accreditations and awards we want to target.

Our key diversity and inclusion initiatives to date include:

- Being part of a number of diversity groups, such as Bright Network, who specialise in diversity in the workplace
- A focus on talent mapping and succession planning
- Tailored maternity coaching to support returners back into the workplace

- An inclusive leadership training course for all our people managers which includes unconscious bias and employment law training to support our managers in making unbiased selection and performance assessments
- Development plans in place to prepare our people for progressing their careers
- Introducing a women's leadership programme, 'Women at Insight', in partnership with Henley Business School
- Participation on the 30% Club Cross Company Mentoring Programme
- A move towards better balanced and diverse candidate shortlists
- Balanced Insight interviewing panels
- Sponsoring recruitment events which will target women and ethnic minorities into financial services/asset management
- Reviewing the structure of our graduate programme with an occupational psychologist and making changes to boost greater diversity of applicants
- Taking part in a study with Thinking Ahead Institute which reviewed our practices around diversity and inclusion

Finally, Insight's parent company, BNY Mellon, is also proactive in promoting greater levels of diversity and inclusion across the organisation and Insight benefits from a number of these initiatives. BNY Mellon has set strengthened diversity and inclusion goals and the Group Chief Executive Officer (CEO) has publicly committed to holding the business accountable for achieving them. In addition, within the UK, BNY Mellon signed the Women in Finance Charter in 2016. This commits the company to having 30% of all senior level roles occupied by women.

Business model and strategy

Since our inception in 2002, we have created investment solutions to help solve challenges or deliver solutions to our broad client base, from pension funds and insurers to public sector and sovereign wealth funds. Our investment capability is focused solely on areas where we believe we can deliver an edge and offer clients bespoke solutions. At the heart of our philosophy is a desire to work in partnership with clients and their advisers to develop and evolve innovative, yet practical solutions that meet their changing needs, including around sustainability themes. We have grown into a leading force in investment management; our business is strong and growing steadily, generating year-on-year growth in assets under management.

In order to sustain this growth, our allocation of resources in the future will continue to be shaped by our core business objectives, encompassing three core messages:

- Do the essentials well
- Diversify and deepen relationships
- Plant 'seeds' for the long-run – for the shared benefit of our clients and the firm

We recognise that Insight's future success remains dependent on our ability to do the essentials of our business well, which means we must continue to deliver high-quality products and superior service – to both new and existing clients.

Over the last decade, Insight has been ranked in first place for Overall Quality in LDI for 10 years in a row and has ranked number one on seven occasions for Fixed Income Overall Quality with UK Investment Consultants[2], by Greenwich Associates UK Investment Consultant Research.

[2] Source Greenwich Associates 2020, GICF LDI-20 LDI overall, GICF FI-20 fixed income overall. LDI: results are based on interviews with 10 UK consultants evaluating LDI. Fixed income: results are based on interviews with 11 UK consultants evaluating fixed income managers. Greenwich Quality Index scores for each evaluator range from 1,000='Excellent' to 0='Poor' with a population mean of 500. Greenwich Quality Index Overall is a composite of Investment and Service scores.

This strong positive view is shared by our own clients. 97% of respondents to a client survey[3] said they would recommend Insight, and 92% of UK respondents rated Insight as excellent or good for investment performance, interaction with our investment professionals, their relationship with their client director, responsiveness to requests, and flexibility to meet their needs.

To strengthen Insight's business, we seek to succeed in new markets and with new solutions, and to deepen relationships with existing clients. Insight is increasingly a global business and our clients are work with the most sophisticated institutional investors in the world. Within Europe, we continue to evolve our business, as demonstrated by opening new offices in Frankfurt, Germany in July 2018 and Dublin, Ireland in March 2019. Our aim is to continue to expand internationally, including within North America and Australasia as outlined further below.

Our Sydney office was established in 1996 originally focussed upon a currency risk management business. We have since established Australian domiciled trusts offering our flagship absolute return bond and broad opportunities capabilities to local investors. We have experienced strong growth across these strategies from a broad range of clients, including superannuation schemes, platforms and dealer groups as well as consultant endorsements.

In North America we believe that our investment capability and solutions approach has strong growth potential in the US, mirroring what we have seen in the UK, Europe and Australasia. Insight's Fixed Income Group has been operating on a global basis across our offices in the UK and the USA, sharing the same investment processes, front office systems and middle office infrastructure.

Looking ahead over the next five years, we believe we have a solid platform for future growth and, while our asset growth has been impressive over the last decade and a half, our business objectives ensure that we manage our growth without compromising our ability to do the right things for our clients. It is also important to plant seeds for the long-term growth of the business, through allocation of resources to invest in new capabilities together with innovative solutions to deliver the desired investment outcomes for our clients.

Investment beliefs

At the heart of our investment philosophy is a desire to offer clients innovative yet practical solutions. To achieve this, we combine expertise, strength and depth of knowledge with innovation across a broad range of asset classes and the risk/return spectrum to offer our clients complete flexibility; an essential tool in delivering tailored client solutions. A team-oriented approach is the lynchpin of our business and means that we can use the in-house expertise of high calibre professionals at any time. Our investment professionals are specialists in their field meaning we have the right people doing the right jobs for our clients.

At Insight, responsible investment is not an optional extra. On a corporate level, our philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. To this end, we follow a responsible investment approach for all mandates, regardless of whether they include specific ESG exclusions, constraints or targets. This is because we believe that delivering superior investment solutions depends on the effective management of the risks and opportunities presented by both financial and non-financial factors, as well as other long-term value drivers. Our approach is underpinned by the belief that ESG issues are important drivers of investment value. In our view, integrating ESG factors in research and engaging with our stakeholders to improve their ESG standards is essential to effectively manage portfolio risk. We expect managers who continuously develop their ESG investment approach to deliver better risk-adjusted returns in the long term.

From an investment perspective, we believe investing responsibly means taking all risks into account, including a full analysis of ESG factors, when making investment decisions. We have an extensive stewardship programme with companies, regulators and financial market participants. Understanding all underlying material risks and working with key stakeholders is essential to help us manage both broader systemic risks and idiosyncratic risk elements within specific investments.

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[3] Insight's client survey was offered to all Insight clients globally. 165 responses were received with all results aggregated. Insight did not pay a fee to clients for the completion of the survey. Aggregated client views may not be representative of any one client's experience and do not indicate any level of skill or future performance. Past performance is no assurance of future returns. Investment in any strategies involves a risk of loss.

In 2020, we were awarded a PRI 'A+' rating for strategy, governance and the integration of responsible investment-related issues across fixed income corporate bond portfolios, securitised asset portfolios and fixed income government portfolios[4].

[4] PRI ratings are assessed against a range of indicators. Full details available from www.unpri.org.

2 Governance, resources and incentives

Insight's governance, resources and incentives support stewardship.

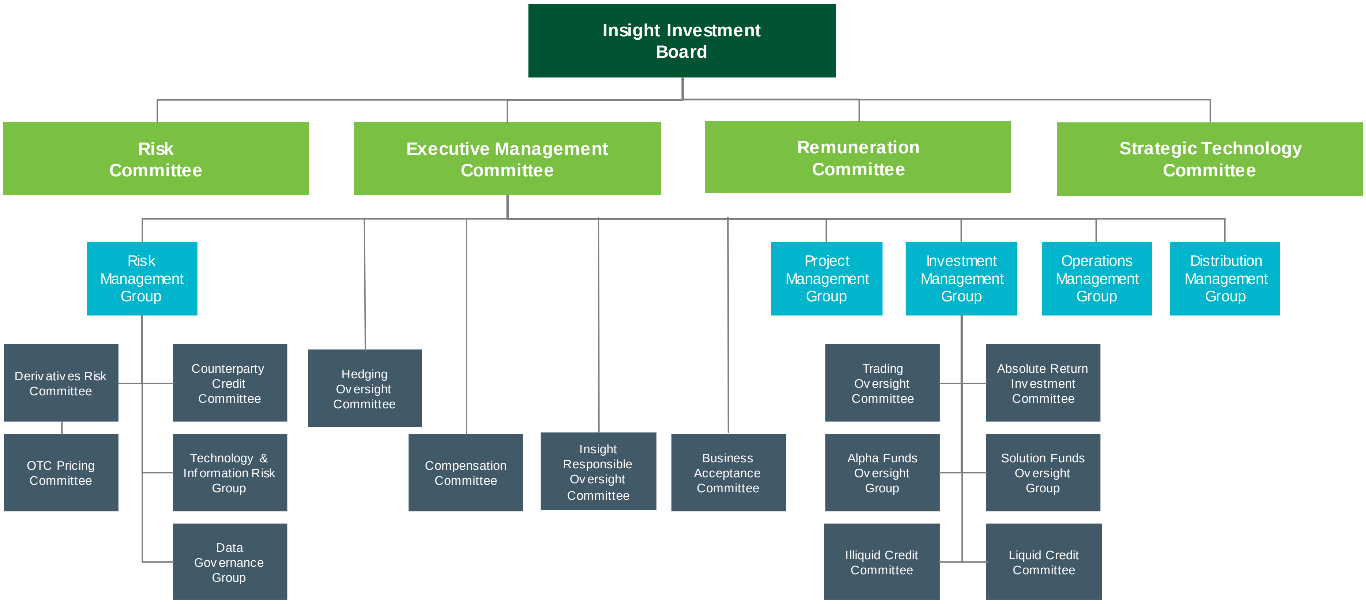
Effective stewardship requires strong governance processes, and this is especially true for a global investment firm. For this reason, our internal governance activities are structured to support effective decision-making, improve accountability and ensure transparency.

Oversight

Governance of the firm is carried out through Insight's Board of Directors. The Board has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within Insight. Insight's governance structure ensures oversight of our entire investment, operational and business activities. The Executive Management Committee (EMC) is the key business management committee for the company and its subsidiaries responsible for strategy and execution, operational management and finance.

A number of committees support the Board, as illustrated in the following schematic:

Insight governance structure (including delegated sub committees and working groups)



As at January 2021.

Stewardship has broad application across Insight's operational and investment functions. As a result, stewardship processes are applied holistically, and responsibilities are integrated throughout the business.

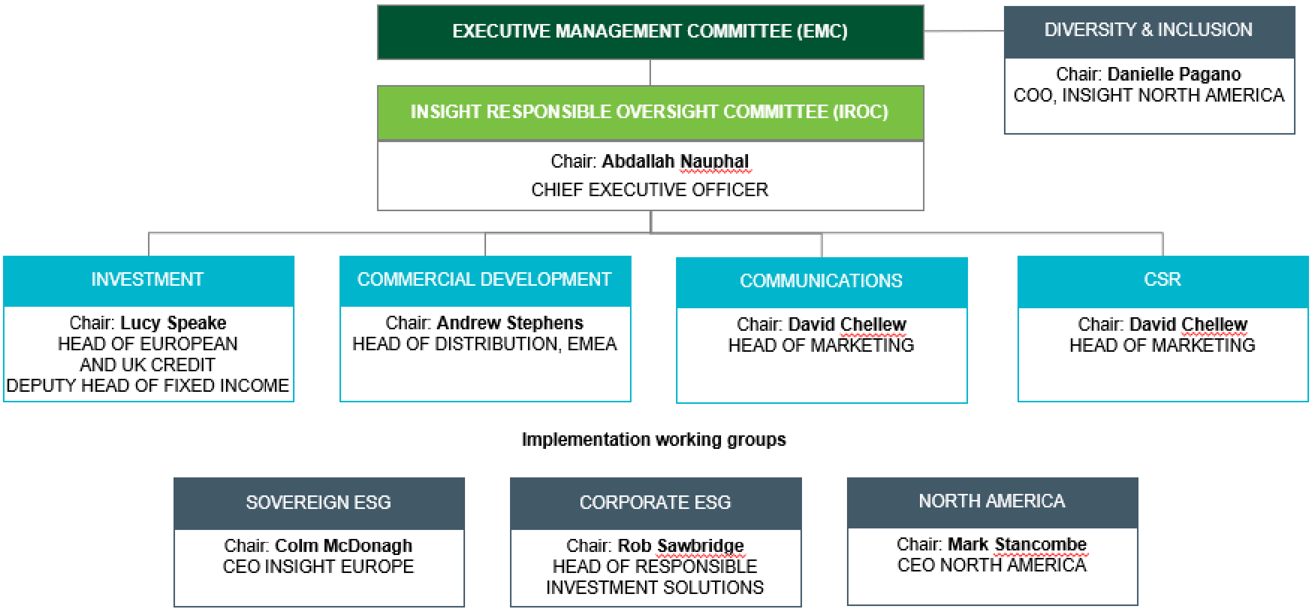
Stewardship within the investment function, which is often seen as the principal stewardship activity externally, is overseen by the Insight Responsibility Oversight Committee (IROC). The IROC is the principle governance group with oversight and accountability for responsible investment across investment, commercial development and communications activities, and CSR programmes.

The purpose of the committee is to set the strategic priorities and apply appropriate oversight to ensure responsible investment and CSR performance aligns with Insight's organisational objectives. The Committee's focus includes oversight and accountability for climate strategy and policy, as well as overseeing investment and operational activities.

Additionally, the IROC oversees a range of sub-governance groups focused on different aspects of our commitment to responsible investment on behalf of our clients. These governance groups include representation from investment, client, commercial, operations, product, legal, risk and marketing divisions.

An overview of the IROC and its sub-governance groups is shown in the following schematic:

The Insight Responsible Oversight Committee



As at March 2021.

IROC membership includes:

- Global Chief Investment Officer
- Head of Client Solutions Group
- Chief Risk Officer
- Head of Human Resources
- Chief Operating Officer
- General Counsel
- Global Head of Distribution
- CEO, North America

Most stewardship activity is undertaken by investment professionals who have specific job responsibilities to engage with issuers and other financial market participants. This activity is vast, and our governance structure ensures appropriate oversight of this activity. Additional stewardship work focusing on sustainability issues is led by a dedicated Responsible Investment Team. This includes regular reviews of engagement data, stewardship priorities and ongoing activities. The Responsible Investment Team will review stewardship activity at least every quarter. This review includes, but is not limited to, stewardship data from various investments teams, case studies and performance.

Resourcing

Our approach to stewardship and responsible investment is the responsibility of the relevant investment teams and decision-makers, supported by a team of five responsible investing professionals.

The Responsible Investment Team works closely with our investment professionals, specifically our dedicated team of credit analysts, who as part of the fundamental analysis undertaken, assess ESG risks. Our analysts are also responsible for ongoing engagement with issuers.

Our credit analysts are responsible for making recommendations to portfolio managers, following the analysis of the industries and sectors that they cover. This includes regular dialogue with issuers. Insight's investment professionals are also equipped with information and tools to assess ESG and financial practices to support effective stewardship.

Investment team members involved in stewardship have various backgrounds, seniority, experience and training. Our governance structure ensure we have suitable skills to deliver on our stewardship commitments.

Upon joining, all new credit analysts receive structured ESG training, covering topics including ESG research and stewardship activities. More broadly, for all Insight employees, access to ESG learning material is available to improve the technical and theoretical understanding of colleagues. All credit analysts are encouraged to attend conferences both for company specific reasons and for more holistic exposure to the impact and trends within responsible investment.

With regards to the management LDI portfolios, our Counterparty Credit Committee (CCC), chaired by Insight's Chief Risk Officer, ensures Insight exercises due care and diligence in the selection and monitoring of counterparties with whom we will deal with as an agent. A key facet of this is to monitor closely the creditworthiness and business strategies of such counterparties, which involves regular face-to-face meetings between the bank management teams and Insight's credit analysts, Insight's senior legal staff and where appropriate, members of Insight's EMC.

When managing liability risks, we often use derivatives to obtain investment exposure without a substantial commitment of initial capital. This introduces bank counterparty default risk. To manage these risks, not only are positions collateralised daily, counterparties themselves are subject to a rigorous selection and monitoring process. As part of this process, our credit analysts assess all underlying material risks, which include an analysis of ESG factors, in order to determine the creditworthiness of counterparties we deal with on behalf of our clients.

There is one common denominator driving the quality of Insight's results: our people. Insight believes that investing in top talent divulges the greatest value for our clients. In this sense, Insight's various internal groups and committees that support stewardship activities are staffed with highly qualified employees.

Continued investment in our people has fostered a spirit of innovation that supports effective stewardship. This exists across Insight; however, specific stewardship-related enhancements include, for example:

- proprietary corporate ESG scores
- proprietary climate risk indicators
- ESG information dashboards

These incorporate numerous third-party datasets and require support from the wider business. These new research capabilities establish new processes to complement and inform existing stewardship-related activities. We do not use any third-party providers for undertaking stewardship services. The exception is for collaborative engagements where we will work through membership bodies to undertake stewardship activities on a case-by-case basis.

Performance management

Stewardship activity is embedded within the remuneration structure of several employees at Insight. The variable pay component is comprised of two core elements: a discretionary annual cash amount and a deferral into the firm's employee collective ownership plan.

We have formally integrated analysis of ESG factors into our credit analysis for over a decade, and we continually consider ways to further enhance and build on our approach. In 2016, we reinforced this integration, linking our credit analysts' annual performance appraisal with their analysis of relevant ESG risks in their research. Portfolio managers responsible for dedicated ESG strategies or mandates with client specified ESG criteria will also be appraised on their performance. The outcome of the performance appraisal is linked closely to any discretionary compensation element.

Performance is assessed and evaluated considering an individual's contribution to the overall client mandate, team and business performance, and culture. We aim to reward most highly those individuals who help the team to perform strongly. A team culture is an essential part of the way we conduct our business and our remuneration policy is designed to encourage this.

Between 15-20% of Insight's investment professionals have specific ESG-related (including stewardship) objectives. Consequentially, such employees are incentivised to actively prioritise ESG in their investment decision-making or manage portfolios that align with the concept of stewardship bring sustainable benefits for the economy, environment and society.

Furthermore, our people are highly engaged with our business and our culture of collective ownership reinforces collaboration across teams and strengthens the alignment with our clients. All of our people are awarded an annual grant of our long-term incentive plan (LTIP). LTIP acts as a powerful tool for staff retention and encourages a collective ownership of the company's strategy and goals, ultimately providing employees with the opportunity to share directly in the success of the business.

LTIP awards typically vest after three years and their value is based on an independent external assessment of Insight's market value. Share-based LTIP is awarded as non-voting, non-dividend paying equity in Insight. For our senior management, investment desk heads and material risk-takers, we operate a deferral policy where at least 40% of variable pay is deferred through LTIP. In the UK, our employees also have an opportunity to acquire Insight shares from their pre-taxed salary.

3 Conflicts of interest

Insight manages conflicts of interest to put the best interests of clients and beneficiaries first.

Effective stewardship requires protecting our clients against any potential conflicts of interest and managing them with appropriate governance. To comply with applicable legal and regulatory requirements, Insight believes managing perceived conflicts is as important as managing actual conflicts.

In the course of normal business, Insight and its personnel may encounter situations where it faces a conflict of interest or a conflict of interest could be perceived. A conflict of interest occurs whenever the interests of Insight or its personnel diverge from those of a client or when Insight or its personnel have obligations to more than one party whose interests are different.

Insight ensures it manages conflicts of interest fairly and in accordance with the Securities and Exchange Commission (US), Financial Conduct Authority (UK), Central Bank of Ireland (Ireland) and other principal bodies that oversee our activities. Where potential conflicts arise, Insight will not enter into a transaction until it has ensured the fair treatment for all clients.

We have a conflicts of interest policy that details the processes to reduce conflicts from arising and the guiding principles used in their resolution. This policy sets out what constitutes a conflict of interest, the key conflict categories that exist within Insight, and the responsibilities of various internal groups. Identified conflicts within Insight are recorded centrally by our compliance function. These conflicts are regularly reviewed with relevant business areas to ensure appropriate controls are maintained to manage and oversee these conflicts. To view the complete policy, please refer to the following link:

https://www.insightinvestment.com/globalassets/documents/regulatory-updates/conflicts-of-interest-policy-summary.pdf

Examples

We have provided examples in the conflicts of interest policy summary, above.

4 Promoting well-functioning markets

Insight identifies and responds to market-wide and systemic risks to promote a well-functioning financial system

Insight has a strong culture of identifying, evaluating and minimising risk. We understand and seek to mitigate systemic risks from ESG and non-ESG factors within our clients' investments and the wider financial system.

In managing client portfolios, we apply quantitative overlays to ESG information to help analysts and portfolio managers identify and escalate these issues for discussion. Combined with our extensive stewardship programme, we offer a strong governance commitment to our responsible investment activities ensuring ESG risks are appropriately mitigated.

Many ESG systemic risks are also stewardship risks. For this reason, we support industry initiatives focusing on reducing such risks, collaborating with investors as necessary. We engage with regulators and policymakers to encourage market reforms that deliver greater security for investments and that reduce opacity or vulnerabilities in financial markets. We also support efforts to develop and implement policy measures to manage and mitigate systemic risks to society and to the environment.

Activity

Insight operates models, overseen by stringent policies and procedures, that test the impact of market, liquidity, counterparty and concentration risk on holdings across the firm. Our Investment Risk Team ensures that Insight is not unduly exposed to any material unmanaged risk.

Separate internal models use ESG information to evaluate investment holdings. These models use proprietary scoring methods for ESG and climate risks as part of the research process.

Insight regularly collaborates with clients, regulators and other market participants to build fair, transparent and liquid markets. Insight has been involved in initiatives to improve global foreign exchange markets and money markets.

To improve market stability, Insight participated in the creation of voluntary market codes to improve the stability of the UK repo market. Insight is a signatory of this and other voluntary codes. Insight has been involved in industry initiatives that promote fair and effective policy on issues such as RPI reform.

We also work alongside other investors on ESG initiatives. Through our membership and support of several collaborative industry initiatives and investor forums Insight will co-sign letters, participate in groups or forums and share our expertise. Furthermore, Insight is a founding signatory to the United Nations-supported Principles for Responsible Investments (PRI) and continues to support several initiatives that promote sustainability in asset management.

Outcome

Managing systemic risks is a long-term commitment we undertake to protect our clients and the wider financial market. We explain our activities to clients at both the portfolio level and regarding firm-wide initiatives.

For individual portfolios we share results of our modelled risks. This includes ESG and non-ESG factors. For example, we can outline the carbon footprint of a bond portfolio and the results of a longevity risk management review. We internalise data to ensure we can efficiently communicate risks to clients.

At an asset class or firm-wide level, we disclose our stewardship activities in our annual responsible investment report. Stewardship is the foundation to managing systemic risk and we provide updates to clients and our key stakeholders. This includes the following market-wide and systemic risks:

Changes in interest rates

Insight has been involved in the working group on Sterling Risk-Free Rates to ensure that a suitable replacement for LIBOR was selected. Insight is working with other market participants to ensure that existing contracts are moved from LIBOR and that new contracts refence the new standard.

Geopolitical issues

In 2018 Insight introduced a proprietary country sustainability risk index, which generates ESG ratings for 186 countries. This aims to help us better understand the ESG risks at the country level across our portfolios. This model has allowed Insight to identify geopolitical risk related to sovereign issuers.

Currency rates

Insight has worked with other market participants to create a set of best practice principles for dealing in the foreign exchange (FX) market. The FX market is global and lacks central regulation. Insight participated in the creation of the FX Global Code. Signatories to this voluntary code agree to adhere to principles of best practice. Insight now trades exclusively with signatories of the code when possible. This initiative has increased market transparency, fairness and robustness. This ultimately will lead to a reduction in systematic risk and better outcomes for clients.

Climate change

Insight priorities climate risk analysis and stewardship. We support climate-focused groups that help to ameliorate risks from issuers, including inadequate disclosure, and support campaigns that promote environmental themes. We will participate in industry groups as part of our work managing systemic climate risks.

Business group activities

Insight has dozens of external relationships that are overseen by investment and operational groups. This oversight process is too exhaustive to document; however, further details are available on request. One example is a counterparty risk team that monitors and evaluates exposures to other market participants. Insight transacts with many counterparties and is not overly dependent on other market participants.

5 Review and assurance

Insight reviews policies, assures processes and assess the effectiveness of its activities.

Insight policies

We continually review our policies to ensure they enable effective stewardship. For example, our responsible investment policy delineates our duties as effective stewards. In 2020, we expanded and broadened our responsible investment policy to better reflect our approach and set out our core beliefs. This included a new Corporate Conduct Statement that outlines how we expect companies to behave. The statement explains our minimum expectations over the short and long term.

Furthermore, there are two dedicated internal implementation groups that meet each quarter to discuss stewardship and responsible investment themes, as outlined below:

	ESG Fixed Income Group (Corporate)	ESG Fixed Income Group (Sovereign)
Mandate	To effectively apply the responsible investment strategy across corporate fixed income, in particular: • High ESG risk issuers • Significant ESG changes • Thematic issues • Research requirements • Engagement outcomes • Process enhancements	To effectively apply the responsible investment strategy across sovereign fixed income, in particular: • High ESG risk issuers • Significant ESG changes • Thematic issues • Research requirements • Engagement outcomes • Process enhancements
Meeting frequency	Quarterly	Quarterly

Moreover, the significance Insight places on stewardship activities is evident in our resourcing of the groups. Great effort is made to ensure inter-department diversity within such groups. Insight believes that this form of diversity fosters company-wide alignment – emphasising the holistic approach to stewardship – and, ultimately, yielding the best results for our clients.

Policy reviews

Independent third-party reviews are conducted for the firm's Annual Rule 206(4)-7 Review. Insight's Annual Rule 206(4)-7 review is undertaken internally by the Chief Compliance Officer. Furthermore, Insight appoints KPMG to perform an assurance report on our internal controls under both the ISAE 3402 and SSAE 18 standards.

Responsible investment policies are reviewed and approved by the appropriate internal governance group.

How we ensure stewardship reporting is fair, balanced and understandable.

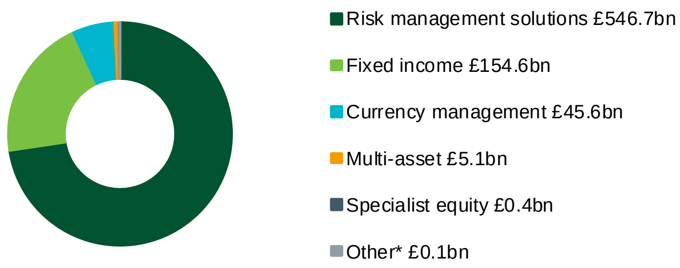
We believe we should be held accountable for the actions that we take and for the outcomes that we achieve. We report annually on our approach to responsible investment. We discuss our actions and their impact with clients to reflect on our successes and failures, to highlight the lessons we have learned and to set out our priorities for action. This includes case studies on our stewardship activity, published in a report available on our website.

6 Client and beneficiary needs

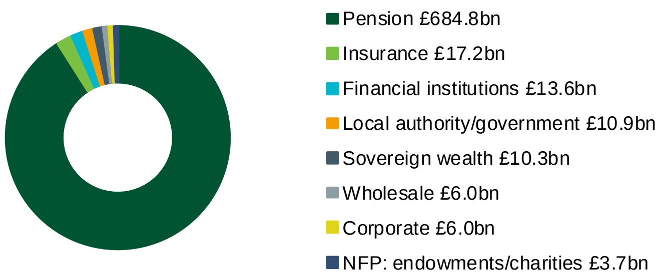
Insight takes account of client and beneficiary needs and communicate the activities and outcomes of stewardship and investment.

Insight is one of Europe's largest investment managers[5] responsible for over £750bn[6] in AUM. The following charts provide a breakdown of this AUM:

By investment area

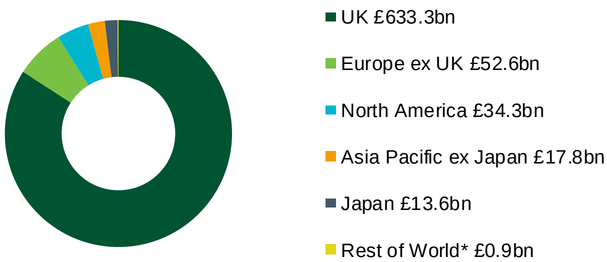


By client type



* Other includes real assets.

By geography



Institutional versus retail

* Bermuda, Botswana, Cayman Islands and Gibraltar.

Insight manages portfolios with exposure to short-term financial instruments (cash or money market strategies) as well as long-term financial exposures (such as buy and hold strategies or LDI). Our clients seek bespoke mandates that meet their required time horizons and this influences how we build portfolios, assess financial instruments or work with financial market participants.

Client engagement

There are three principal ways we support clients' views and build portfolios that align with their requirements.

First, we seek regular feedback from clients on our performance, using questionnaires and regular dialogue to guide us on areas that may support their portfolio and non-portfolio requirements. Our dedicated client function assigns clients a firm representative to manage the daily relationship; this team supports clients by answering questions and engaging with

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[5] IPE, 'Top 500 Asset Managers' survey, June 2020. Insight is ranked fourth out of the top 120 European institutional managers by total AUM for external Europe-domiciled institutional clients.
[6] Data as at 31 December 2020. AUM are represented by the value of cash securities and other economic exposure managed for clients. Reflects the AUM of Insight, as previously defined.

our internal experts to service client requirements. This is an opportunity for clients to receive advice on practical solutions to their developing needs, such as methods to create sustainability-focused portfolios or specific ESG reporting.

Second, we believe we have a responsibility to educate and inform clients. We house education content on central platforms for clients to access on several issues. We also host dedicated conferences, webinars and events where our clients can interact with our colleagues and external experts. We believe a better-informed client base allows for more informed decisions and deepens engagement with Insight employees.

Third, we confirm how our investment approach aligns with clients stated responsible investment policies. Our clients frequently ask us to comment how our investment activities, such as our stewardship activities and approach to ESG issues, align with their own values. We recognise that many clients are increasingly wishing to adopt solutions that move beyond a focus only on materiality of ESG risks to also focus on moral/ethical characteristics and indeed positive impact allocations. For clients seeking bespoke ESG criteria, we have significant experience in implementing a wide range of bespoke portfolios and manage customised solutions with specific carbon targets, ESG filters, impact themes and exclusions lists, as illustrated in the following schematic:

Client communication

Transparency on our activities is central to our responsible investment approach. There are several ways we achieve this.

All clients can receive ESG reporting as part of their monthly, quarterly or annual reporting requirements, regardless of whether their mandate includes specific ESG exclusions, constraints or targets. Our in-house data architecture means Insight can support reporting against the following attributes:

- ESG ratings
- Climate ratings
- Carbon footprinting
- Stewardship activity
- Positive impact
- Impact bonds

Furthermore, and as outlined, we publish an annual report that provides an overview of our stewardship and responsible investment activities, including case studies and information on our processes. This report covers our entire investment function and is designed to guide our clients on how we approach responsible investment for the strategies in which they are invested. We complement our annual report with a shorter quarterly responsible investment update. Both reports are publicly available on our website.

Lastly, we make public the results of the PRI annual assessment survey. All survey results are available on request; however, we make three years of history available at any one time. We respond to numerous surveys throughout the year which provide a further opportunity for our key stakeholders to learn more about our approach.

Impact bonds

In terms of social impact investing we have dedicated strategies, which focus on investing in impact bonds. We believe that green, social, sustainable and other impact bonds (SDG-linked, transition and 'use-of-proceeds' bonds) have an important role to play in supporting a sustainable economy. However, it is important that the impact they achieve is transparent, measurable and is not undermined by the wider behaviour of the companies from which they are issued. As a result of this Insight conducts fundamental analysis on these bonds to ensure they meet the desired requirements and have a material impact on the ESG outcomes of the issuer. This ensures investors are protected against both financial and non-financial ESG risks.

7 Stewardship, investment and ESG integration

Insight systematically integrates stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil its responsibilities.

Activity

Insight's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. To this end, we follow a responsible investment approach for all mandates, regardless of whether they include specific ESG exclusions, constraints or targets. This is because we believe that delivering superior investment solutions depends on the effective management of the risks and opportunities presented by both financial and non-financial factors. Our approach is underpinned by the belief that ESG and stewardship issues are important drivers of investment value. Integrating ESG factors in research and engaging with stakeholders is essential to effectively managing portfolio risk. We expect managers who continuously develop their ESG and stewardship investment approach to deliver better risk-adjusted returns in the long term.

From an investment perspective, we believe investing responsibly means taking all risks into account, including a full analysis of ESG factors, when making investment decisions. This is more relevant for corporate issuers. We have an extensive engagement programme with companies and as part of this we frequently raise ESG issues and actively encourage them to improve their practices. Understanding all underlying material risks is essential in helping us to decide whether an investment is over or under-priced or fair value.

Responsibility of credit analysts

We use various external sources of data and information from credit analysts to derive an overall ESG risk score for individual issuers. Credit analysts and portfolio managers have access to this data on an ongoing basis, including additional qualitative information in relation to specific key issues that individual issuers are facing.

Integrating ESG factors in research and engaging with companies to improve their ESG standards is essential to effectively managing portfolio risk. We use our internal ESG risk scores to identify key risks for individual issuers and have an extensive engagement programme with issuers to frequently raise ESG issues and actively encourage them to improve their practices. Understanding material underlying risks is essential to help us to decide whether we will be adequately compensated when making an investment.

Part of the fundamental analysis undertaken by our analysts. They assess ESG risks and are also responsible for ongoing engagement with issuers; therefore, we have linked our analysts' annual performance appraisal with their analysis of relevant ESG risks in their research.

Climate change

Across all products, Insight believes climate change presents a systemic investment risk. There are three main methods that we have used and will continue to use to evaluate and manage climate risks:

- **Advocacy:** Our engagement policy for climate change and stranded carbon assets is to advocate for action at a policy level. All issuers within our investment universe are susceptible to the consequences of climate change through potential impacts on supply chains, regulatory uncertainty and resource scarcity. We consider a global legislative framework endorsed by policymakers to be the most effective mechanism to mitigate climate change and create investment certainty. To achieve this, Insight joins annual investor campaigns to push for a global climate agreement. Through our membership of the Institutional Investors Group on Climate Change (IIGCC), we have signed the global investor statement on climate change and advocate for action in a collaborative process.
- **Climate Risk Model:** We developed our proprietary Climate Risk Model (CRM), which is aligned with the Task Force on Climate-related Financial Disclosures (TCFD). The CRM is designed to provide a comprehensive ranking of how fixed income corporate issuers manage their climate change-related risks and opportunities, and how they are

positioning themselves for the transition to a low-carbon economy. We have designed the CRM to be used to assess risks and opportunities related to climate change.

- It aims to help manage risk, accounting for the risk characteristics of specific sectors and for the carbon impact of individual issuers. It aims to help investors identify the issuers most at risk from a transition to a low-carbon world. It also allows investors to identify issuers that are managing these risks effectively and those that are not.
- It helps users monitor risks in line with TCFD guidelines. The CRM framework and methodology are aligned with the requirements of the TCFD, with companies assessed against objectively assessable indicators across the four TCFD themes: governance, strategy, risk management, and metrics and targets.

- **Engagement:** Proprietary climate ratings are available to all portfolio managers and analysts are integrated across our principal investment systems. This supports our monitoring and engagement with companies on their performance. The ratings are used to inform our work and identify potential risks.

All climate-related data can be used across our strategies, and is subject to coverage of issuers based on our external and internal data sources.

ESG within different asset classes

Fixed income: We believe investing responsibly means taking material risks into account which includes a comprehensive analysis of ESG factors. As mentioned earlier, we have an extensive engagement programme with companies to frequently raise ESG issues and actively encourage them to improve their practices. A sovereign fixed income process ensures our proprietary ESG signals are considered alongside other qualitative and quantitative variables.

Secured finance: We consider ESG factors as part of the rigorous fundamental analysis undertaken on originators, which is vitally important to the decision-making process. This includes detailed due diligence on the originators both prior to making an investment, as well as on an ongoing basis. Understanding material underlying risks, both financial and non-financial, is essential in helping us to decide how to price opportunities and to determine whether we will be adequately compensated, when making investment decisions.

LDI: When managing liability risks, we often use derivatives to obtain investment exposure without a substantial commitment of initial capital. This introduces bank counterparty default risk. To manage these risks, not only are positions collateralised daily, counterparties themselves are subject to a rigorous selection and monitoring process. As part of this process, our credit analysts assess all underlying material risks, which include an analysis of ESG factors, in order to determine the creditworthiness of counterparties we deal with on behalf of our clients.

Multi-asset: The broad opportunities strategy makes extensive use of derivatives and index instruments to gain market exposures. Where appropriate, we take ESG risk factors into account when making investment decisions. For direct investments, we have an engagement programme; we raise ESG issues and actively encourage management to improve practices; we exercise our stewardship responsibilities by actively voting on our shareholdings. Where the strategy invests in Insight-managed pooled funds to access certain credit exposures, ESG issues are a fundamental part of the research process.

Equities: Equity strategies will more likely have derivative exposure to issuers. This reduces our ability to influence companies, but where practical to do so we will use our voting rights. We follow the Insight Voting Policy to ensure a consistent firm-wide process and transparency. These are recorded in our annual report. Insight ESG ratings are considered as part of the investment process.

Custom ESG portfolios: We recognise that many clients are increasingly wishing to adopt solutions that move beyond a focus only on materiality of ESG risks to also focus on moral/ethical characteristics and indeed positive impact allocations. For clients seeking bespoke ESG criteria, we have significant experience in implementing a wide range of bespoke portfolios and manage customised solutions with specific carbon targets, ESG filters, impact themes and exclusions lists.

8 Monitoring managers and service providers

Insight monitors and holds to account managers and/or service providers.

Insight uses service providers to assist portfolio and operational management of client assets. Insight takes a risk-based approach overseeing and managing third-party products and/or services. Insight's Vendor Management Team uses a systematic selection and onboarding process which identifies and classifies the level of risk associated with the service provided. Ongoing monitoring is carried out based on the associated level of risk.

Each vendor has a Service Relationship Manager who is responsible for risk, contract, and performance management. They ensure that ongoing monitoring activities are undertaken in line with the Vendor Management Policy. Critical processes and procedures receive enhanced scrutiny to ensure operational resilience. Regular review of the risk profile of each service provider ensures proper categorisation. Services which are identified as critical to the normal operation of Insight are reviewed annually or when a material change occurs.

Outcome

Insight's service providers enable Insight to be an effective steward of its client's investments.

Insight's primary service provider is our outsourced back office provider. The expected standards are defined within a service level agreement and delivery against these standards is formally reported on a monthly basis and validated by Insight. Periodically Insight will look to external benchmark providers to provide an independent relative assessment. The service management framework at Insight is based around four key areas of engagement and four key oversight committees. Direct validation from Insight's compliance and risk teams is also undertaken.

We use more than 100 service providers. For the overwhelming majority we do not encounter material performance issues. We also have steps to monitor performance for critical functions. For example, trades that may have not been processed are reported to us at the start of each business day; however, given the volume of business that we transact, this does not impact the consistently green key performance indicator score. Issues which have occurred in the past were dealt with thoroughly at the time and have been resolved to a satisfactory level, including any relevant changes to procedures to help prevent reoccurrence.

Proxy voting is not a major part of our stewardship programme given our limited equity holdings. Where Insight executes votes it monitors its voting agent to ensure voting has been executed according to Insight's Proxy Voting Policy. An annual review of Insight's voting data and performance is conducted by our Proxy Voting Group.

Insight monitors its research providers to ensure the quality and accuracy of their products and services. This is supported by an annually review of research contracts and spending by the Insight Research Vendor Group. Insight pays for all its research and does not pass this cost on to clients. Regular review of the research panel ensures that only high-quality, relevant research is paid for. Starting trials with new providers or adding a new research provider requires approval from the Research Vendor Group.

9 Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Activity

A key element of stewardship is proactive engagement with companies to ensure accurate analysis and to influence them to improve their practices. We aim to engage with issuers in order to achieve the best outcomes for our clients. By engaging with issuers, we hope to change influence their actions and help enact changes that make companies more sustainable. This will increase the investment opportunities available to our clients while ensuring issuers are aware of the need to embed sustainability principles into their corporate strategy.

Engagement with issuers is a key part of our credit analysis and monitoring and complements our approach to responsible investment. As a matter of policy, all our credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of our credit analyst resource, one of the key inputs into our ESG analysis is the direct information which we receive from companies via engagements that take place.

Engagement selection and prioritisation is an organic process with no fixed pre-determined requirements. Engagements will often be based on ESG ratings inputs into analyst systems. Issuers with low scores are flagged for potential risks and analysts will use this to inform their dialogue with companies. Internal ESG groups also set engagement priorities, with the Responsible Investment Team reviewing wider ESG initiatives and considering appropriate collaborative initiatives.

Each analyst identifies the engagement issues relevant for each specific issuer. Insight will use ESG ratings and our proprietary carbon model to engage so-called ‘laggard’ companies. Meetings with company management provides the most effective and timely opportunity to raise these issues. If Insight does not already have regular meetings with a company’s management, our investment teams are encouraged, in the first instance, to request a meeting with them. Where this is not possible, or additional action is deemed appropriate in order to further the interests of our clients, we may consider raising the issues with the company’s broker or, if appropriate, the chairman. Further to this if we do not receive a response from the issuer regarding engagement then we will lead on a wider collaborative initiative, via the PRI or by engaging with other investors, to achieve greater influence.

Stewardship activity is tracked on internal systems and every engagement is captured within a template. Activities are categorised by theme and allocated a satisfactory score as follows:

	Description
Satisfied	Issuer provided a reasonable response to questions and no further concerns identified
Monitor	Issuer provided reasonable responses but ongoing will be required
Follow-up	Issuer provided some reasonable responses to questions, but outstanding questions remain and additional engagement with the issuer is required
Escalate	Non-satisfactory responses and immediate evaluation of issues required internally or with the company

These engagements inform the overall credit analyst views of the companies and provide a platform not only for both increased transparency around ESG issues, but also ongoing engagement to change company behaviour where appropriate.

Furthermore, as a major player on corporate and sovereign bond markets, we engage with all issuers in our investment portfolios on material ESG risks including pure climate-related risks on an ongoing basis. Often our focus is on transparency and reporting and actively encouraging companies to report to the CDP or sign up to the TCFD initiative. Where relevant, we will seek to collaborate with other issuers and via several initiatives such as Climate Action 100 and will utilise these networks to engage with issuers for a greater impact.

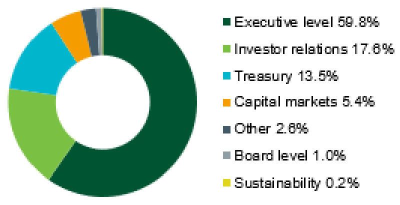
Engagement activities are tailored according to the relevant asset class.

Outcome

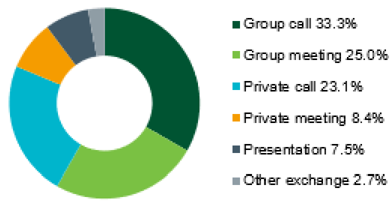
Detailed engagement examples can be found in our annual report, which is available on our website. A summary is below.

2020 Investment Engagement Activity

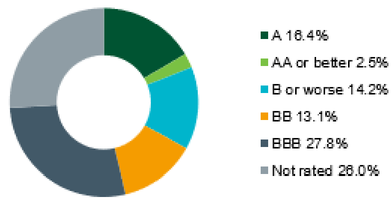
Who we engage with



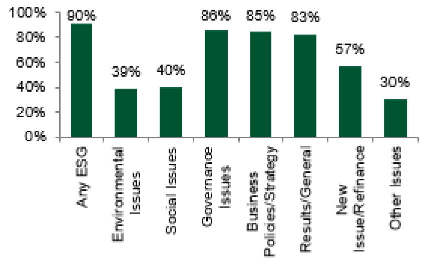
How we engage



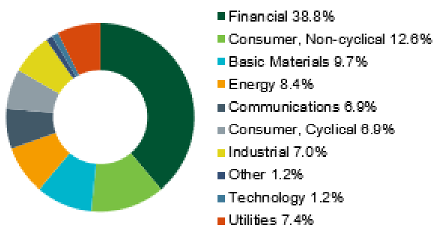
Engagement by credit rating



Engagement activity by theme



Engagement by sector



- Of **1,210** engagements, **90%** included some form of ESG dialogue
- Companies from **64** countries, including **30** from emerging markets
- **33%** of our meetings where Insight-only
- **61%** of our meetings include the board or senior management

As at January 2021.

10 Collaboration

Insight, where necessary, participates in collaborative engagement to influence issuers.

Activity

There are four ESG collaborative groups we participate in:

- Carbon Disclosure Process (CDP) carbon action initiative, since 2003
- Institutional Investors Group on Climate Change (IIGCC), since 2003
- Climate Action 100+, since 2017
- Principles for Responsible Investment, since 2006

Additionally, as a global asset manager, we have an important role in financial markets. We believe that we must take a proactive role in ensuring the long-term sustainability of the markets – this is in our clients' long-term interests, as well as that of wider society. Long-term initiatives include:

- Active engagement with other industry members to ensure our clients' rights and considerations are fully represented, including:
  - Joining the Working Group on Sterling Risk-Free Rates.
  - Participation in climate change related collaborative engagements as an active member of the Climate Action 100+ initiative.
  - Collaboration with peers on a range of issues, such as credit risk and ratings with the PRI initiative.
  - Encouraging issuers to submit their carbon emissions to CDP initiative.
- Development of new sources of repo liquidity - a key issue for pension funds seeking to manage risk efficiently and effectively.

Since engagement with some issuers can be difficult, it is important to engage where possible via collaborative initiatives to seek the best outcomes for our clients. For example, dialogue with sovereign issuers can be challenging and politically sensitive, but there can be opportunities to open discussions with officials from relevant agencies. Dialogue with major developed-market sovereign issuers is unlikely to have a meaningful impact without collaboration across a pool of investors, given the amount of issuance. This underscores the importance of collaborative initiatives, such as the IIGCC, which Insight has supported for over 15 years.

Collaborative initiatives are selected base on their importance to Insight's clients, the contributions we can make to the goals of the initiative and the philosophical alignment with our general purpose as a responsible investor.

We have provided below, further detail on four collaborative engagements:

Climate Action 100+

Insight is supporting engagement with Enel and BHP as part of our monitoring of their climate-reduction strategies. Engaging with both issuers since inception, there has been a noticeable improvement in their communication and leadership. In the case of Enel, they issued the market's first sustainability-linked bond. Both companies made additional commitments regarding their management of coal-related business practices.

PRI Advisory Council for Credit Risk and Ratings

Insight has supported the initiative since inception. The group has been instrumental in creating a new movement among rating agencies to proactively integrate ESG factors into credit valuations. A significant investment by the agencies has been made, including the development of internal ratings. Insight supports the development of new related groups on investment consultants and the ESG research providers.

Institutional Investors Group on Climate Change (IIGCC)

Introduced a new collaborative group focusing on building portfolios that are aligned with a two-degree Paris Agreement-aligned world. Regular proactive engagement with policymakers is a consistent output from the initiative we support many of these efforts.

CDP

Insight has led engagements and supported others that focus on raising awareness of the CDP initiative and encourage companies to report their climate-related activity through the annual CDP reporting framework.

Outcome

We produce engagement case studies in our annual report and in presentation packs available to clients.

11 Escalation

Insight, where necessary, escalates stewardship activities to influence issuers.

We believe effective stewardship can support investment portfolios by reducing investment risk and mitigating financial uncertainty. We therefore engage as bondholders, counterparties, shareholders and financial participants.

As outlined, a key element of stewardship is proactive engagement with companies to ensure an accurate analysis of issuer risks, understanding their strategic direction, and to influence them to improve their practices. This engagement with issuers is a key part of our analysis and monitoring.

Each analyst identifies the engagement issues relevant for each specific issuer. In terms of how we select and prioritise issues, they are escalated by various analysts based on their sector specialisations. Credit analysts are charged with to engaging so-called 'laggard' companies to discuss ESG and non-ESG issues. It is also important that our engagements provide our analysts with useful information. We aim to ensure that our engagements inform the overall analyst views of the companies and provide a platform not only for increased transparency, but also to improve company behaviour where appropriate.

All company engagement activity is logged centrally. Analysts are required to complete a template with inputs of the topics discussed with management. For each item Analysts are expected to confirm how satisfied they were with the engagement, using the following categorisations:

	Description
Satisfied	Issuer provided a reasonable response to questions and no further concerns identified
Monitor	Issuer provided reasonable responses but ongoing will be required
Follow-up	Issuer provided some reasonable responses to questions, but outstanding questions remain and additional engagement with the issuer is required
Escalate	Non-satisfactory responses and immediate evaluation of issues required internally or with the company

If analysts are not satisfied, they will record this in the template. We use this information within internal groups to discuss the issues and suitable next steps. We do not have a policy to automatically exclude issuers where we escalate companies for discussion. However, bringing together our wider investment teams can ensure support for undertaking an accelerated engagement, closer monitoring or taking investment action.

Our engagement with regulators and counterparties also goes through an internal review (escalation) process. Issues relevant to investment or operations will be discussed on an ad-hoc based but extends across all pertinent themes, not just ESG factors. For example, our CCC will review all issues of concern and if agreed set appropriate actions or escalations. Our interaction with regulators is responsive to new and concurrent regulatory initiatives and our objective is to present the perspective of Insight and our clients. Regulatory affairs are handled by a dedicated team and frequently involves input from across the business to set priorities and action.

Our stewardship prioritisation therefore takes an expert-led and informed approach involving multiple internal stakeholders specific to the needs of each asset class or strategy. Different investment teams will have their own escalation processes and priorities.

For example, our corporate credit team used the ratings output of our Climate Risk Model to isolate and set engagement priorities. Approving the target list via internal responsible investment groups and discussions, these have been escalated to the Responsible Investment Team for action over 2021.

More detailed examples are available in our annual report, which is available on our website.

12 Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Insight exercises its rights and responsibilities, where it is responsible and appropriate to do so, to enhance the value or manage the risks of client portfolios. Insight discloses these activities to clients on request and publicly though our annual responsible investment report. Insight takes a global approach to exercising its rights and responsibilities.

Voting activity

Proxy voting is an essential part of creating shareholder value, ensuring good governance and delivering investment performance to our clients. Insight seeks to actively exercise its rights and responsibilities regarding proxy voting on behalf of clients. Insight is committed to voting all our proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of our clients in order to ensure the best client outcomes can be met.

Insight's Voting Policy is designed around best practice standards which we believe are essential to delivering long term value to shareholders. The high-level principles of Insight voting policy are below. These principles apply across Insight for all relevant portfolios.

Leadership: Every company should be led by an effective board

Strategy: The leadership should define a clear company purpose and set long term objectives for delivering value to shareholders.

Culture: The board should promote a culture which strongly aligns to the values of the company. It should seek to monitor culture and ensure that it is regularly engaging with its workforce.

Engagement with shareholders: The board should be transparent and engaged with existing shareholders. The board should have a clear understanding of the views of shareholders. The board should seek to minimise unnecessary dilution of equity and preserve the rights of existing shareholders.

Sustainability: The board should take account of environmental and social issues and risks which impact their business.

Structure: The board should have clear division of responsibilities

The Chair: The chair of the board should demonstrate objective judgment and promote transparency and facilitate constructive debate to promote overall effectiveness.

The Board: There should be an appropriate balance of executive and non-executive directors. Non-executive directors should be evaluated for independence. No one individual should dominate the board's decision-making. There should be a clear division, between the board and the executive leadership of the company.

Resources: The board should ensure it has sufficient governance policies, influence and resources to function effectively. Non-executive directors should have sufficient time to fulfil their obligations to the company as directors.

Effectiveness: The board should seek to build a strong institutional knowledge in order to ensure long term efficient and sustainable operations

Appointment: There should be a formal appointment process, which ensures that the most qualified individuals are selected for the board. This process should be irrespective of bias to ensure appropriate diversity of the board.

Knowledge: The board should be effective and entrepreneurial, comprised of those with the knowledge, skills and experience to effectively discharge their duties. The board should have sufficient independence to serve as an effective check on company management and ensure the best outcomes for shareholders.

Evaluation: The board should be evaluated for effectiveness on a regular basis. Board member's contributions should be considered individually.

Independence: The board should present a fair and balanced view of the company's position and prospects.

Integrity: The board should ensure that all reports produced accurately reflect the financial position, prospects and risks relevant to the company. The board should ensure the independence and effectiveness of internal and external audit functions.

Audit: The board should ensure that clear, uncontentious accounts are produced. These should conform to the relevant best accountancy practices and accurately represent the financial position of the company. Deviations from standard accounting practices should be clearly documented with a corresponding rationale.

Risk: The board should ensure the company has sound risk management and internal control systems. There should be a regular assessment and communication of the company's emerging and principal risks.

Remuneration: Levels of remuneration should be sufficient to attract, retain and motivate talent of the quality required to run the company successfully.

Goal Based: The board should base remuneration on goal based, qualitative, discretionary cash incentives. Remuneration should consider underlying industry and macroeconomic conditions and not be structured in a tax-oriented manner.

Transparent: Remuneration arrangements should be transparent and should avoid complexity.

Sustainable: Remuneration should not be excessively share based and should be accurately represented and controlled as an operational cost. The remuneration of executives should promote long term focus and respect the interests of existing shareholders.

Proxy advisors

Insight has provided a set of Insight specific voting guidelines to our proxy agent. The proxy agent makes voting recommendations for each resolution based on these guidelines. These recommendations are reviewed before voting instructions are conveyed to our proxy agent, who support our global voting activities. Individual Insight portfolios do not have separate voting policies and clients are unable to vote directly or override a house policy.

Stock lending

Insight seeks to mitigate 'empty voting' and does not engage in share lending. However, some BNY Mellon funds, for which Insight acts as Investment manager, do engage in share lending. The share lending team at BNY Mellon does not lend the entire position to allow voting on a portion of the position to occur.

Voting activity

Insight implements voting for all shareholdings where it has responsibilities to vote for its clients.

Insight's voting record is available at https://www.insightinvestment.com/uk/responsible-investment/

Voting rationale

In instances where Insight votes against management recommendations we will disclose our rationale in full. In any instances where there is a conflict or potential for conflict, votes are referred to the Proxy Voting Group for review.

Voting execution

Insight's voting decisions are communicated to Minerva, a third-party proxy voting servicer. These votes are submitted to shareholder meetings through a specific proxy.

Fixed income

Where relevant Insight will use its influence as a bondholder to encourage changes to bond prospectuses or indentures. This will depend on specific asset classes. Our decision will be influenced by the risks we identify, how long we expect to hold the bonds and instrument type.

Risk disclosures

Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.

The performance results shown, whether net or gross of investment management fees, reflect the reinvestment of dividends and/or income and other earnings. Any gross of fees performance does not include fees and charges and these can have a material detrimental effect on the performance of an investment.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. Funds or strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

Other disclosures

This document is a financial promotion and is not investment advice.

This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended or forwarded to a third party without consent from Insight Investment.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to seek professional advice regarding any potential strategy or investment.

For a full list of applicable risks, and before investing, investors should refer to the Prospectus or other offering documents. Please go to www.insightinvestment.com.

Unless otherwise stated, the source of information and any views and opinions are those of Insight Investment.

Telephone conversations may be recorded in accordance with applicable laws.

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For clients and prospects of Insight Investment Funds Management Limited:

Issued by Insight Investment Funds Management Limited. Registered in England and Wales. Registered office 160 Queen Victoria Street, London EC4V 4LA; registered number 01835691.

For clients and prospects of Insight Investment Management (Europe) Limited:

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For clients and prospects of Insight Investment International Limited:

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