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Insight INVESTMENT

RESPONSIBLE STEWARDSHIP AT INSIGHT: 2025 REPORT

PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING.

BNY | INVESTMENTS

This report describes the global business of Insight Investment, in particular, Insight Investment Management (Global) Limited, Insight Investment Management (Europe) Limited, Insight Investment International Limited and Insight North America LLC collectively known as 'Insight'.

CONTENTS

Key terms and definitions are provided in our responsible investment glossary, available here.
A list of abbreviations used in this report is available in Appendix I.

This report has been reviewed and approved by Insight's Board of Directors, Executive Management Committee (EMC), Insight Responsibility Oversight Committee (IROC), our Chief Executive Officer (CEO) Abdallah Nauphal and CEO Designate Raman Srivastava.

FOREWORDS

Abdallah Nauphal,
Chief Executive Officer

Raman Srivastava,
CEO Designate

> Responsible investment and sustainability continue to be the subject of great debate in public and in our industry. Supporting clients to achieve their desired outcomes lies at the heart of everything we do and at Insight, has always been central to our approach to responsible investment.

As a global firm we have always had to negotiate different societal expectations and regulatory regimes. This report outlines our position on concepts related to ESG, sustainability and responsible investment. In such circumstances, it is important that we rely on principles which reflect who we are as a company to guide us and to provide clarity to our clients and colleagues. We expect the alignment of our organisation to these core principles will serve to cement our leadership position at a time when many firms are struggling under the weight of these and other challenges.

Insight's responsible investment principles

1. We help clients achieve their desired outcomes and reflect their priorities.
2. Our investment analysis takes account of factors that we deem to be financially material, including sustainability and governance factors.
3. We aim to have a relevant evidence base for our views.

First and foremost, Insight sees its role in terms of delivering outcomes for our clients according to the mandates they have appointed us to manage. This involves working with our clients to capture their priorities, including whether they wish to express sustainability intentions in their mandate with us.

Our role as investment manager is then to demonstrate accountability for identifying the factors that we believe are financially material, evidencing this assessment with rigorous financial analysis, where such considerations apply to the underlying strategy or asset class.

Part of this is ensuring our teams have the right technical training, systems and tools to help our clients achieve their desired outcomes and provide transparency regarding how their assets are managed.

When it comes to sustainability factors, financial materiality can manifest itself in different ways. Factors that we term 'direct' risks are identifiable, easier to quantify, and typically occur in the near term; the drivers of such risks are idiosyncratic, such as pollution fines or product safety issues. On the other hand, there are sustainability risks which impact the system within which a portfolio operates, which we term 'indirect' risks. These risks have multiple plausible pathways to financial relevance. Their quantification is more complex, and their drivers stem from broader sustainability issues impacting the whole of the economy over the longer term, such as extreme heat or water scarcity.

We consider the financial impacts of direct and indirect risks for discretionary mandates. However, we accept that there are a range of opinions across our client base and among regulators and policymakers with respect to how it is expected that the drivers of direct and indirect risks should be managed. We seek to reflect individual client perspectives on this, especially when it comes to influencing issuers in which we invest on their behalf.

Hopefully by providing clarity, we will separate rhetoric from reality, and focus on delivering the best possible outcomes for our clients. We trust this report demonstrates our commitment to effective stewardship of our clients' assets and we welcome your feedback: please do not hesitate to share your thoughts with us.

We recently shared news of Abdallah's retirement plans later in 2025 and the appointment of Raman Srivastava as Insight CEO Designate. For details of Insight's announcement regarding Raman's appointment, please click here.

Adrian Grey, Global Chief Investment Officer

> A clear set of principles guide our investment approach and we continued to develop our investment capabilities in 2024 to tailor what we do to support client outcomes. Our principles guide our priorities to evolve our investment platform, in terms of reflecting client intent, conducting analysis to define materiality and providing the evidence base to support our investment decisions.

Rigorous financial analysis creates evidence for our investment decisions and is a foundational pillar of what we do. In 2024, we welcomed a new Head of Responsible Investment Research, who is responsible for leading Insight's sustainability-related research activities and integrating research findings into our long-term decision making. We have also introduced a Global Head of Research, expanding the scope of research to include global macroeconomic and sovereign research. We were recognised by clients during the year for analysis we shared on topics such as access to water, methane emissions, and climate migration and its economic impact.

In general, subject-matter expertise is crucial across our investment and client-facing teams. To build on our training programmes, we have formalised our ESG Training Group to oversee the continued roll-out of specialised training for colleagues.

In a world where the definitions and expectations around responsible investment and stewardship can vary widely, many clients expect detailed architecture in our policies and procedures, the specific criteria we apply and evidence that our investment strategies work with specific classification systems. We undertook a wide range of work in 2024 in this regard, updating our Stewardship Policy and introducing a new Derivatives Policy covering how we calculate and communicate ESG ratings for derivatives.

For clients with net-zero goals, we applied relevant goals to a broader range of Responsible Horizons strategies, using our Prime net zero ratings which categorise corporates based on their net-zero alignment.

We also enhanced the responsible investment framework for systematic fixed income portfolios, increasing ESG data coverage and applying baseline exclusion criteria to map to Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). Further definition was applied to our assets under management subject to ESG integration activity to clarify different categories of assets.

Our work to engage with debt issuers to understand and analyse the issues they face continued, with 942 engagements in 2024 overall, and 134 engagements specifically focused on ESG issues.

As Abdallah and Raman set out in their foreword, how we manage the drivers of indirect risks is an area where we wish to increase the flexibility we can offer to clients to express their intent. To facilitate the development of our practices, systems, policies and processes to support this development across our investment platform, our Head of Responsible Investment now reports directly to me.

We welcome dialogue with our clients on responsible investment matters so please let us know if you wish to discuss any of the issues raised in this report.

Under the Shareholder Rights Directive II, Insight Investment Management (Europe) Limited is required to disclose a shareholder engagement policy or provide a clear and detailed explanation of why we are not able to disclose. Insight Investment publishes its Responsible Investment Policy on our website. Our stewardship and proxy voting policies are contained within this document. In the latter policy, We detail our approach to engagement and voting across the business. In particular we describe our voting behaviour, explain significant votes and report on the use of the services of proxy advisors.

1 Purpose, strategy and culture

Insight's mission, investment beliefs, strategy, and culture enable effective stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Overview

	Key statements
Context	• Insight's mission focuses on increasing the certainty of achieving investment outcomes for our clients, which include pension scheme clients with long-term funding requirements. Insight believes managing assets successfully over many years requires effective stewardship across markets, asset classes and geographies.
Activity	• We believe integrating relevant and appropriate ESG considerations in select investment processes, and in our dialogue with issuers and other stakeholders, encourages better investment decisions and can ultimately help our clients achieve their desired outcomes, as well as sometimes supporting the economy, the environment and wider society.
Outcomes	• Key outcomes include: – A revised Stewardship Policy to reflect the scope and approach of our stewardship, and how we engage with issuers and on systemic issues – A new engagement escalation process to enable effective monitoring of progress and action against engagement objectives set – Active engagement on major issues with direct relevance to our clients, with policymakers, peers and other stakeholders – An extensive engagement programme with debt issuers – A net-zero approach embedded in two more Responsible Horizons strategies, building on Insight's Prime net-zero ratings

1.1 CONTEXT

Insight aims to improve the experience of investors and increase their confidence in achieving their goals. This is only possible if we seek to integrate relevant and material ESG considerations in our investment processes, and in our dialogue with issuers and other stakeholders with respect to the relevant asset classes and strategies, as part of providing highly tailored investment solutions for clients.

INSIGHT'S MISSION

Insight's mission is to offer investors a different approach to achieving their investment goals; one that prioritises the certainty of meeting their chosen objectives in contrast to the traditional focus on maximising return and minimising volatility. We believe that our emphasis on certainty, a dimension largely neglected by the industry, provides investors with an improved investment experience, resulting in a more secure retirement or more confidence in their ability to acquire specific assets in the future. Furthermore, we tailor portfolios directly to clients' desired outcome rather than investing in generic products that benefit the manager more than the investor, further enhancing the chances of success.

We are committed to prioritising our clients' interests above all else in the conduct of our business and to delivering high quality investment solutions and service. Our business model rests on a simple equation: high quality leads to client advocacy which translates into business success. We, therefore, focus our efforts on delivering quality and are always prepared to forego business opportunities that conflict or weaken our ability to do so.

Focusing only on what we are good at rather than being everything for everyone is a key requirement for achieving that, so is working in partnership with our clients and their advisors. This allows us to better understand their needs and provide them with the tools and professional education they need for their investment journey. We also pledge to engage with relevant official and regulatory bodies to represent their interests and help find solutions that balance their benefits with those of society at large.

Aligning stakeholders' interests is essential for the long-term success of any organisation. We align the interests of our clients and shareholders by taking a long-term view of the success of the business, allowing us to focus our energies on delivering to our clients. A significant portion of our staff's compensation is deferred and held in company shares. By giving our employees an economic stake in the business we help align their interest with those of the other stakeholders.

As responsible stewards of society's savings, we also view the communities in which we operate as stakeholders in our business and believe we have responsibilities to them and the world more broadly. This starts with ensuring that our investment processes effectively consider financially material environmental, social, and governance (ESG) risks and opportunities within relevant strategies. We also manage portfolios that go beyond this for clients who have asked us to support their sustainability outcomes.

None of this would be possible without the ability to attract and motivate the right employees. We do not believe that any gender, race, or group of any kind has a monopoly on the talent that we need to succeed. We also believe that diverse groups make more informed and balanced decisions. We are therefore committed to looking for talent everywhere and ensuring that every individual has the opportunity and support to succeed at Insight.

We strive to create an ego-free and collaborative environment where everyone is held accountable, but success is shared collectively. An environment where employees can speak up to share their views or challenge others' views. We encourage continuous improvement at the individual level as well as the business level and make it a point to learn from our mistakes. Much of this boils down to putting the principle of "doing the right thing" at the heart of all our decisions.

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 across the risk/return spectrum to provide our clients with 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 fields meaning we have the right people doing the right jobs for our clients.

We believe integrating sustainability and governance issues into investment processes, and in dialogue with issuers and other stakeholders, can support better investment decisions in relevant asset classes and strategies, and can ultimately help our clients achieve their desired outcomes.

This means that at Insight, a responsible investment approach is foundational. On a corporate level, our philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within relevant investment decision-making processes, where it is practical and relevant to do so.

We expect managers who continuously develop their responsible investment approach to have the potential to deliver better risk-adjusted returns in the long term.

INSIGHT'S VALUES AND CULTURE

Insight's mission statement emphasises the importance of our ability to attract and motivate the right employees and we are committed to ensuring that all of our people have the opportunity and support to succeed at Insight. We believe this is integral to the delivery of outcomes for our clients and our business success.

Client focus: A culture where individuals feel valued as members of a team focused on shared strategic priorities. This creates an environment where teams will pull together to go the extra mile for clients when the need arises. For example, colleagues demonstrated commitment, working together and putting in long hours when needed to support clients through the gilt market dislocation in 2022.

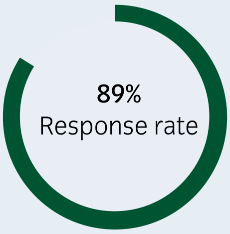
Teamwork/collaboration: We promote collaboration across teams because collective contribution to client requirements and deadlines creates an environment that enables high standards of client service. We provide frameworks that encourage our team to recognise accountabilities and stakeholder priorities and we reinforce the varied sources of expertise they can depend on from across our business to support clients. This encourages client advocacy for our business.

Accountability: Engaged colleagues foster a culture of personal responsibility, support for others and a willingness to learn from mistakes. In this environment, teams and individuals are confident to share their ideas and raise concerns knowing that their perspectives will be heard and valued. This encourages innovation, proactive problem solving and a culture where colleagues are comfortable to flag any risks or counterproductive behaviours they may encounter.

Continuous improvement: A culture of innovation and challenge in which colleagues are encouraged to improve upon their successes. This ultimately feeds through into new investment ideas and services which evolve our solutions for client needs. We encourage the team to pursue training and development opportunities and to stay abreast of new ideas and technology in the market. Encouraging different perspectives and original thinking ultimately leads to innovation for our clients.

INSIGHT'S VALUES AND CULTURE

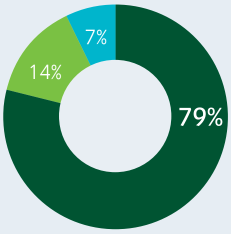
Below are the headline results from our anonymous, voluntary engagement survey[1] in 2024. Insight's EMC reviews results and establishes priorities in an action plan designed to address key areas of feedback from colleagues. Overall engagement remains very strong and aligned with other high-performing UK companies.



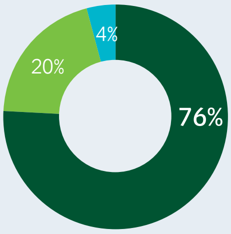
Overall engagement

78%

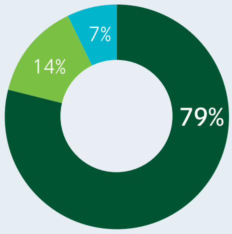
Engagement factors*



I would recommend Insight as a place to work



I am proud to tell others I work for Insight



I enjoy working here at Insight

■ Strongly agree/Agree ■ Neither agree nor disagree ■ Disagree/Strongly disagree

While there remain areas where we want to improve, our overall engagement remains very strong and aligned with other high-performing UK companies. The results of the employee survey are debriefed to the EMC, and an action plan has been created to address feedback from colleagues.

[1] Source: Karian and Box, Insight employee survey, October 2024. The financial services benchmarks incorporate data from more than one million survey responses in 15 financial services businesses, including retail banks and mutuals.

* Karian and Box recorded equivalent response rates for strongly agree/agree of 74%, 74% and 79% respectively across its financial services benchmarks.

INSIGHT'S CORPORATE CULTURE: IMPROVING OUR EMPLOYEE EXPERIENCE

We believe a differentiating factor in our approach is the degree of granularity with which we seek to measure how our employees experience our culture. Our analysis includes an engagement survey of employees, where they have an opportunity to share their demographic data including characteristics such as sexual orientation and ethnicity. Responses are voluntary and the employee data collected is anonymised and remains confidential. We use our data for the benefit of all of our people and to understand differences in experience throughout the employee life cycle.

01 Precise data to drive approach

Our focus is on data collection, comparison with an appropriate benchmark and analysis of trends in data that inform actions to improve our culture

Address skew in talent modelled against available pool

Protect against unconscious bias

Informing our strategy

- We foster engagement and encourage trust to support data disclosure by employees
- Disclosure rates/data types are compared to a benchmark (Investment Association)
- HR analysis identifies data trends in segments of the Insight population to inform action and future priorities
- Trends include rates of attrition by category and department; take up of benefits; sickness and absence, early talent progress
- We identify less readily collected data types to understand how we can improve (e.g., adding socio-economic background)

02 Clear framework to guide objectives

2024

- Enhance communication
- Employee engagement
- Widen our data sources
- Cognitive diversity pilot

Action plan

- Supportive benefits programme and data-led recruitment
- Training, guidance and awareness raising for our Affinity Groups
- Training and support for communication programme
- Relevant charters, commitments and external partnerships
- Ongoing evaluation through focus groups, leadership roundtables and engagement surveys

03 Prioritisation to focus effort

Merit-based processes
Robust succession planning
Candidates chosen on merit
Structured interview guidance
Blind interviews for early talent

Increased support for Affinity Groups
Executive sponsorship
Support for awareness and events

Developing our people
Insight Mentoring Programme
Management development programme
Job-specific training curriculum

04 Ongoing measurement to track progress

1. Data disclosure	6 out of 7 Insight disclosure metrics align to IA's* 50-80% banding			Age disclosure 100% Nationality disclosure 62%		
2. Appointments	Females	2021: 24%	2023: 34%	Ethnic minorities	2021: 32%	2023: 42%
3. Employee engagement	85%	of our LGBT+ community said Insight was a place where people from diverse backgrounds can succeed (+29% on 2021)				

* The Investment Association, Equity, Diversity and Inclusion Data Survey, published November 2023.

CONDUCT

Insight's Conduct Risk Framework

At Insight it is important for employees to maintain the trust of all Insight stakeholders, put clients' best interests at the heart of everything Insight does and demonstrate ethical conduct at all times.

Insight's Conduct Risk Framework encompasses Insight's culture and value statements among other considerations such as regulatory accountability regimes and Insight's Code of Conduct. The Compliance Team undertakes ongoing monitoring of the Insight group's activities to ensure they are being carried out in accordance with the core regulatory principles and rules. Insight's ongoing monitoring framework includes various conduct-related activities and reviews. Key policies related to the mitigation of conduct risk within Insight include:

- Insight's Code of Conduct,
- the Speaking Up Policy,
- the Conflicts of Interest Policy (for more information please see **Section 3**), and
- other conflict and conduct-related policies.

Insight and Bank of New York (BNY) have established, implemented and maintained appropriate policies and procedures that reinforce Insight's values and are designed to mitigate conduct risk, achieve good client outcomes and meet regulatory requirements.

Insight's Conduct Risk Framework also includes arrangements to ensure that FCA's Consumer Duty requirements are met and good outcomes are being achieved for any retail customers that access Insight products. These arrangements include Consumer Duty training, regular monitoring via Consumer Duty metrics and a Consumer Duty Framework Policy setting out the processes, controls and governance arrangements Insight has in place to ensure good outcomes are achieved for retail customers.

Insight requires all employees to abide by Insight's Code of Conduct, which is communicated to all employees via a number of policies and relevant training issued to the business. Each year all employees are required to confirm their compliance with the Code and related policies by completing an online attestation. Employees are required to confirm their obligation to uphold the company's values and to do business in full compliance with the Code.

Any breaches of the Code, however identified, are raised with the Compliance Team to investigate, and respond accordingly including potential escalation to the Insight Conduct Panel (ICP) and/or the BNY Ethics Office through management information. The ICP has been set up to oversee the management of conduct risk within Insight. The ICP, which meets quarterly, includes senior managers from legal, compliance, risk and HR teams. Where the BNY Ethics Office is involved, the Compliance Team works closely with them in investigating and administering potential violations.

Violations are assessed on a case-by-case basis depending on the individual circumstances to determine the materiality of the violation. There are various actions that could be taken such as:

- providing reminders to individuals or groups of individuals on the Insight values or various corporate policy requirements that must be adopted,
- escalating conduct risk issues or trends to relevant Insight managers and/or the EMC for further review and action determination,
- incorporating specific conduct risk issues in individuals' corporate objectives requiring personal action to be taken to address these issues,
- taking disciplinary action against individuals in accordance with Insight's disciplinary procedures, and
- reducing an individual's variable remuneration.

1.2 ACTIVITY

Insight's mission, investment beliefs and focus on stewardship have direct implications for our activity.

In 2024 we aimed to deliver on our investment beliefs by:

- **Putting responsibility at the heart of how we do business**, as shown in **Section 2**, which outlines how our governance and business structures maintain this focus.
- **Integrating relevant ESG issues into select investment processes**, as demonstrated in **Section 7** on ESG integration.
- **Acting as effective stewards of companies and other entities**, as demonstrated in **Section 9** on engagement, which explains how we engage across our different focus areas, including examples of our activity.
- **Supporting efforts that seek to improve the operation, resilience and stability of financial markets**, as explained in **Section 4** on promoting well-functioning markets, which includes detailed examples of our efforts on major market issues.
- **Collaborating with other groups on financially material ESG issues**, as outlined in **Section 10** on collaboration, highlighting examples where we have worked to engage with specific issuers as well as on regulatory and market-wide activities.
- **Engaging with our clients to understand their needs**, acting in response, and providing transparency on our activities, as explained in **Section 6,** which outlines how we engage in close dialogue with our clients, providing detailed reports of the activity we undertake on their behalf.

1.3 OUTCOMES

The outcomes for our specific stewardship activity in 2024 are outlined throughout this report: please see **Sections 4, 6, 7 and 9** in particular. We highlight some specific points below.

HOW OUR PURPOSE AND INVESTMENT BELIEFS HAVE GUIDED OUR STEWARDSHIP, INVESTMENT STRATEGY AND DECISION-MAKING

These initiatives in 2024 reflect how our mission and beliefs have guided our operations as a business and investment manager.

- **Revised our Stewardship Policy** to describe the scope of our stewardship activity, our approach to stewardship, and how we engage with issuers and on systemic issues. See **Section 5** for details.
- **Implemented a new engagement escalation process** to enable effective monitoring of progress against engagement objectives. Where we see a lack of progress for financially material objectives, we may choose to progress the issuer through these stages. See **Section 9** for more details.
- **Actively engaged on major issues with direct relevance to our clients, with policymakers, peers and other stakeholders, often achieving clear results**, on topics such as the future of UK defined benefit pension funds. See **Section 4** for more details.
- **Maintained an extensive engagement programme with debt issuers** and we raised financially material ESG issues and actively encourage improvement in practices, conducting 942 engagements with debt issuers in 2024, of which the majority included some form of ESG dialogue. These included 134 engagements focused solely on ESG issues. See **Section 9** for more on our engagement activity.
- **Embedded a net-zero approach in two more Responsible Horizons strategies**, building on Insight's Prime net-zero alignment framework, which categorises companies according to their commitment to or alignment with net-zero principles. See **Section 6** for more information.

EVALUATING OUR EFFECTIVENESS IN SERVING THE BEST INTERESTS OF CLIENTS AND BENEFICIARIES IN 2024

How we have succeeded

Research that provides us with important feedback and insights included the following:

- In our most recent client survey, 94% of respondents said they would recommend Insight. Of those asked to respond to the statement 'Insight consistently demonstrates high stewardship standards regarding my investments', 87% (130 respondents) agreed, with most of the remainder expressing no view.
- Investment consultants rate Insight very highly. In 2024, Insight was ranked in first place by UK investment consultants for Overall LDI Quality for the fourteenth consecutive year; and first for Fixed Income Overall Quality. Insight has been ranked first for Fixed Income Overall Quality in nine of the last 11 years.
- Institutional UK clients rate Insight very highly for service. Coalition Greenwich confirmed Insight as the sole Quality Leader for UK Investment Management Service in 2024 and we ranked first for the highest average client service performance in research conducted by Research in Finance, based on responses from UK trustees, pension scheme managers and consultants.

More information on this research is provided in **Section 6**.

Areas for improvement

There are always areas in which Insight can improve, either as a firm or in how we serve specific clients.

We face some challenges regarding understanding our clients' needs when it comes to stewardship and ESG factors, outlined below:

- Clients are seeking greater input on appropriate goals.
- Different regional and regulatory contexts drive different needs.
- Lack of standardised approaches to assessing quality and performance with regard to responsible investment and stewardship.
- Need for ongoing evolution in our research and engagement.
- Challenges in obtaining input from some audiences.

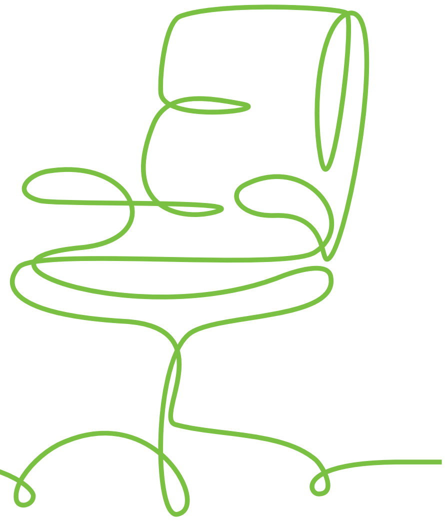
More details are provided in **Section 6**.

In 2024, in response to client feedback, we perceived a need for:

- Increased transparency and flexibility with regard to how clients express their sustainability intent.
- Increased definition of our responsible investment principles, to clarify our approach to clients.
- Investment strategies that aim specifically for a positive environmental and/or social impact alongside a financial return.
- Support on climate change-related goal-setting, disclosures and reporting, and a forward-looking plan to consider and manage the risks associated with climate change through our investment activities.

We responded to this feedback through 2024 and are seeking to build further on it in 2025. We expand on how we evaluate the effectiveness of our stewardship efforts and initiatives in **Section 5**.

2 Governance, resources and incentives



Insight's governance, resources and incentives support stewardship.

Overview

	Key statements	
Governance	Oversight	• Governance of the firm is carried out through Insight's Board of Directors. The EMC is the key business management committee for the company. • The Insight Responsibility Oversight Committee (IROC) has oversight and accountability for responsible investment across investment, governance, philosophy, advocacy, operations and technology, commercial development and our CSR programme.
	Effectiveness of our governance structure and processes	• There is a formal process by which the governance structure of IROC and its sub-groups are reviewed at least annually. In 2024 there were no material changes. In early 2025, the Climate Change Resilience Group was discontinued, and will be superseded by the Corporate Sustainability Group.
Resources	Resourcing of our responsible investment capabilities	• Insight's approach to stewardship and responsible investment is the responsibility of all investment teams and decision-makers, supported, championed and overseen by our dedicated Responsible Investment Team and governance structure.
	Resourcing of third-party service providers supporting our activities	• We only rely on third-party providers for stewardship services when necessary, such as specialist data providers and proxy voting services.
Incentives		• Performance appraisals of credit analysts, portfolio managers and other relevant specialists are linked to their responsible investment-related responsibilities. • All Insight staff have performance objectives linked to responsible investment.

2.1 GOVERNANCE

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 broad communication and collaboration, effective decision-making, and improve accountability and transparency.

OVERSIGHT

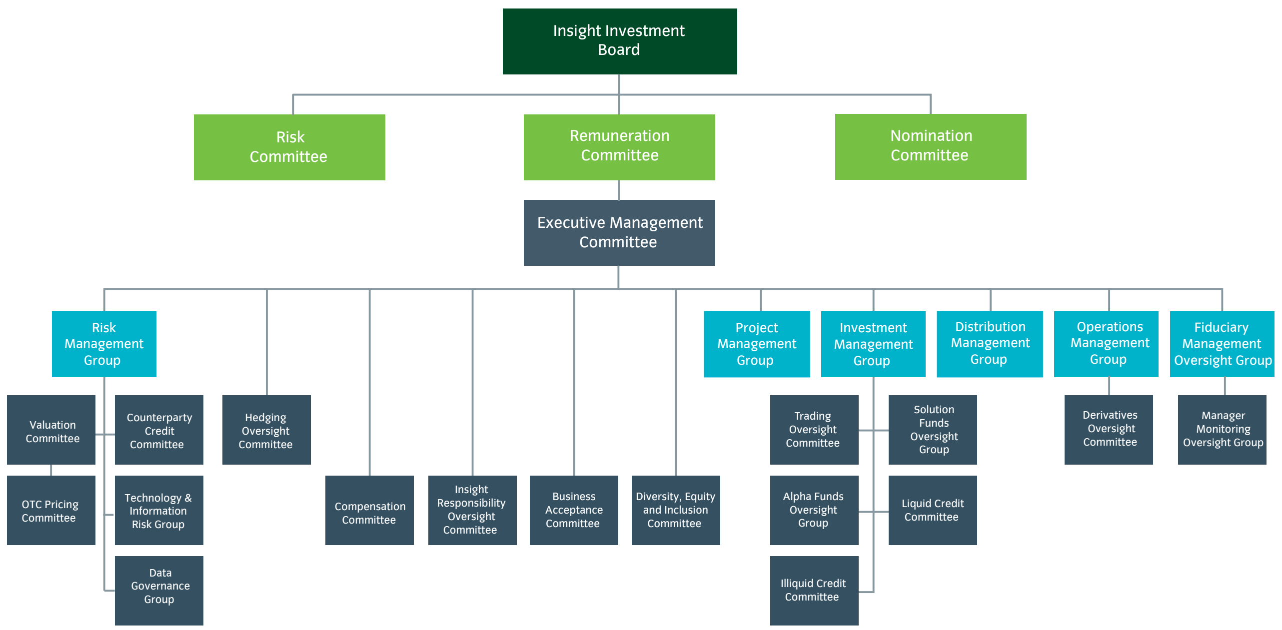
Insight is part of BNY. BNY operates a multi- boutique asset management model in which each investment management firm enjoys investment autonomy. The ownership structure works well for Insight's clients and its staff: it encourages an entrepreneurial and innovative approach to investment; allows Insight to be a true specialist, focused on risk management and fixed income; enables Insight to build strong relationships directly with our clients; while all parties benefit from the backing of a large global financial institution.

Insight Board of Directors

Governance 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 EMC is the key business management committee for the company and its subsidiary committees are responsible for strategy and execution, operational management and finance.

Insight's Board recognises that delivering effective stewardship includes many different facets of an organisation, and as such there are multiple reporting lines within Insight that feed directly and indirectly into the Board. Insight has aimed to integrate responsible investment-related activities into its business-as-usual processes. Establishing key committees such as the IROC (see below for more information) has been one way of achieving this, and progress on relevant issues can also be found in ad-hoc reports provided to the Board. Other forums such as the Remuneration Committee play a key role in ensuring alignment of interests between Insight staff and underlying investors.

Figure 1: Insight governance structure (including delegated sub committees and working groups)



The EMC and/or its sub-committees are typically responsible for designing initiatives that contribute towards good stewardship. The CEO is a member of both the EMC and the Board, and is responsible for updating the Board on responsible investment and stewardship-related issues, including at Board strategy meetings. The Board is therefore kept abreast of key initiatives and will provide challenges to such initiatives where appropriate. A key objective of the Board is to promote the long-term success of the business and the Board typically assesses proposed strategies and initiatives with this in mind.

The day-to-day management of Insight is delegated to the CEO with the support of the EMC. Acting within its limits, the EMC considers best practices pertaining to stewardship activities and shares proposals and/or outcomes with the Board for directors to consider, challenge and/or approve. Where necessary, the Board will also request certain processes be put in place and/or request a deep dive on a topic on which it is seeking further details.

A number of committees support the Board, as illustrated in the schematic on the previous page.

Details of the mandate, meeting frequency and membership of the key governance committees can be found in **Appendix II**.

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.

See **Section 5.1** for an outline of discussions within the Board on responsible investment and sustainability matters in 2024.

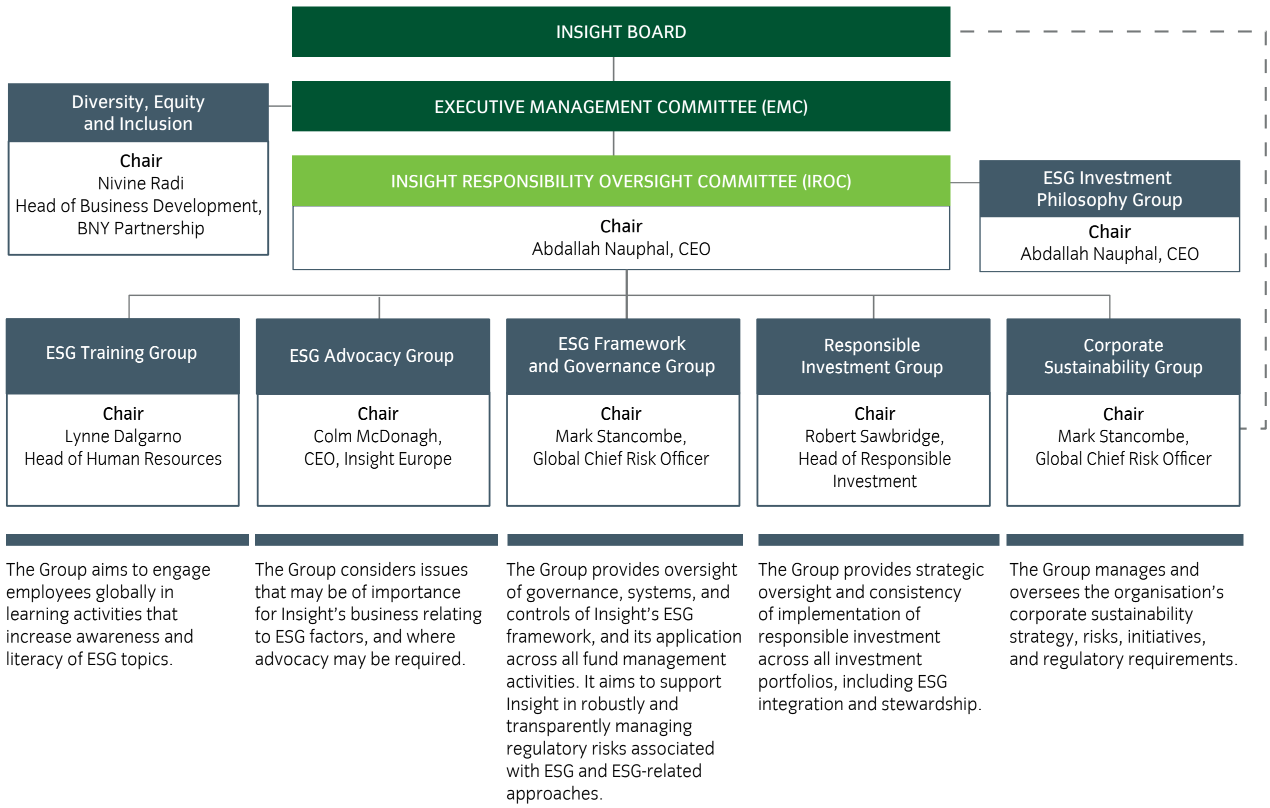
Insight Responsibility Oversight Committee (IROC)

The IROC is the principal governance group with oversight and accountability for responsible investment across investment (covering all Insight's investment activities, including our risk management and fixed income AUM), governance, philosophy, advocacy, operations and technology, commercial development and our CSR programme.

The purpose of the IROC is to set the strategic priorities and apply appropriate oversight to ensure responsible investment performance aligns with Insight's organisational objectives. 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.

The IROC and its sub-governance groups are all focused on achieving the best outcomes for clients, within their specific areas. An overview of the IROC and its sub-governance groups is shown in the schematic overleaf.

Figure 2: The IROC and sub-governance groups



IROC membership includes (this list is not comprehensive):

- CEO
- Head of Client Solutions Group
- Global CIO
- Chief Operating Officer (COO)
- Global Chief Risk Officer (CRO)
- Global Chief Compliance Officer
- Head of Responsible Investment
- Global Head of Distribution

New for 2024: ESG Training Group

The purpose of the ESG Training Group is to engage employees globally in learning activities that increase awareness and literacy of ESG topics. These range from targeted training for those in front-office roles, to ensuring a range of resources are available for all employees to engage in ESG learning. Given the broad nature of ESG topics, it is important all employees have an understanding of the key themes. ESG touches multiple aspects of our business from investment activity to how we operate as a company.

The Group will ensure all training aligns with Insight's ESG principles but also has the flexibility to adapt to the evolving nature of the subject matter and regional nuance. Through training activity we strive to build our internal capabilities and, in turn, strengthen how we engage externally on ESG-related themes.

Training includes but is not limited to:

- all-employee training on ESG topics;
- targeted ESG training for investment, client-facing and other relevant professionals; and
- Board training related to ESG topics.

ESG Framework and Governance Group

The ESG Framework and Governance Group is the key internal group for overseeing and challenging Insight's ESG framework in relation to governance, systems, and controls across all relevant business activities at Insight. The Group supports Insight in robustly and transparently managing the regulatory risks associated with ESG and all other ESG-related approaches.

The scope of coverage of the Group includes, but is not limited to, the following:

- governance,
- ESG eligibility and ESG ratings,
- external data,
- ESG investment guideline monitoring,
- marketing,
- ESG regulatory developments,
- engagement and proxy voting,
- sponsorships,
- products,
- risk and control self-assessment, and
- reporting.

Responsible Investment Group (RIG)

A key group that reports to IROC is the RIG, which oversees responsible investment activities across the business. Its scope includes the following:

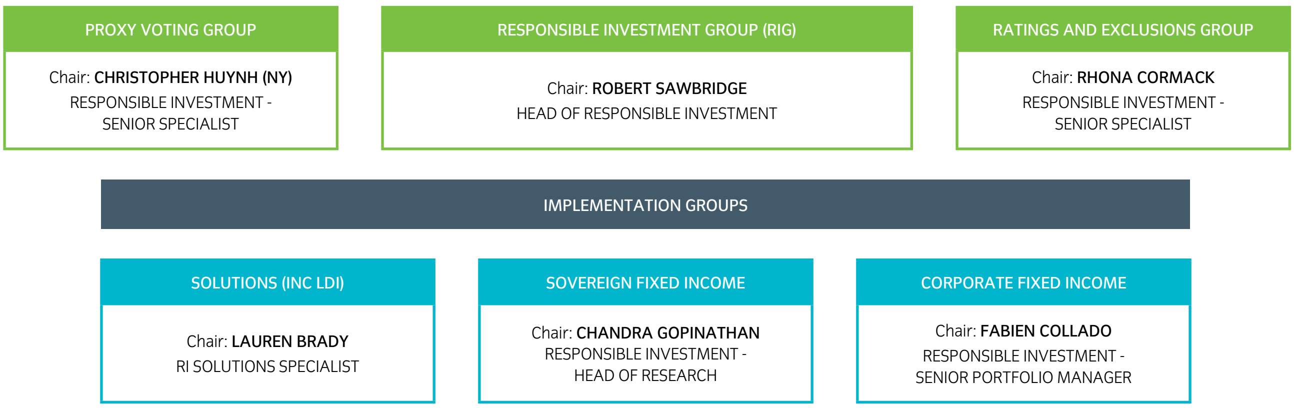
- **Effectiveness of ESG integration:** Setting governance standards for ESG integration across Insight's investment capabilities, including the application of proprietary ESG ratings and engagement activity.
- **Responsible investment solutions:** Setting portfolio investment guidelines for responsible investment solutions (segregated and pooled) including the application of regulatory classifications (e.g., SFDR).
- **Review and assurance:** Identifying enhancements and prioritising updates to our responsible investment approach, including satisfactorily addressing findings of internal audit and compliance reviews.
- **Setting responsible investment policies:** Formulating and reviewing stewardship and responsible investment policies and fully considering the application of these policies to investment governance within specialist capabilities.

An overview of the RIG and its sub-groups is shown in the below schematic.

Stewardship activity is led by investment professionals who have specific job responsibilities to engage with issuers and other financial market participants. This activity is significant, and our governance structure is designed to ensure that appropriate oversight is in place.

Additional stewardship work focusing on sustainability issues is led by a dedicated Responsible Investment Team. This includes regular reviews of engagement data, setting stewardship priorities and ongoing stewardship activities. The Responsible Investment Team reviews stewardship activity at least every quarter. This review includes, but is not limited to, stewardship data from various investment teams and performance. The data is scrutinised and appropriate actions and initiatives are implemented as a result.

Figure 3: The RIG and sub-groups



Ratings and Exclusions Group (REG)

The REG is the key internal group for proposing firm-wide exclusion policies and confirming changes to Insight exclusion lists and ESG ratings. It is chaired by Rhona Cormack, Responsible Investment - Senior Specialist. Its responsibilities include the following:

- The REG has a mandate to review and approve sector and/or issuer exclusions at either a firm level or product level. This includes setting exclusions to align with regulatory requirements. The REG reviews and approves all changes to Insight's internal exclusion criteria.
- The REG is the principal body for reviewing and approving Insight ESG rating changes requested by credit analysts and/or portfolio managers. This extends to ESG surveys as well as Insight Prime ESG ratings.
- The REG will add issuers to internal corporate credit watchlists and set and approve the criteria for issuers (or issues) that the REG considers do not meet the minimum regulatory standards for specific investment portfolios and the Responsible Horizons strategy range.
- The REG will use internally developed screens to provide oversight of controversial positions held across the business, and where appropriate escalate these positions if they are considered to present significant reputational risks for Insight and our clients (see **Section 11** for more information on our escalation process).

Proxy Voting Group

The Proxy Voting Group (PVG) is responsible for overseeing the implementation of voting decisions where Insight has voting authority on behalf of Clients. The Group meets at least quarterly, or more frequently as required. In ensuring that votes casted are in the best interest of clients, the Group will oversee a range of proxy voting activities.

Equity holdings are limited at Insight, with equity assets accounting for less than 1% of our AUM. See **Section 12** for more information.

New for 2025: Corporate Sustainability Group

The Corporate Sustainability Group is a cross-functional group, intended for introduction in 2025, that will manage and oversees the organisation's corporate sustainability strategy, risks, initiatives, and regulatory requirements including the EU Corporate Sustainability Reporting Directive (CSRD), where applicable, and the UK FCA's TCFD entity-level reporting obligations. The Group will be responsible for coordinating the firm's overall corporate sustainability requirements and liaising with BNY on sustainability topics, to support our parent company's needs.

Additionally, the Group will support other groups on corporate sustainability issues managed by them. The Group will receive regular updates from the responsible groups to ensure they align to the firm's overall corporate sustainability strategy and regulatory reporting requirements. The Group's focus is firm-wide and will include:

- **Oversight:** The coordination of sustainability-related risk and opportunity factors across all the departments within the firm and with BNY.
- **Regulatory disclosures:** Oversight and control of firm-level sustainability-related reporting, including alignment with the requirements of regulatory regimes.
- **Change management and oversight of operating model:** Ensuring the appropriate resources and processes are developed to ensure delivery of requirements.
- **Operational risk:** These will include risks related to climate change and the risk and control self-assessment.
- **Board disclosures:** The Group will provide regular updates to the board on relevant initiatives.

The Group will supersede the Climate Change Resilience Group (CCRG) and will include oversight of climate-related topics for which the CCRG was previously responsible.

EFFECTIVENESS OF GOVERNANCE STRUCTURE AND PROCESSES

There is a formal process by which the governance structure of IROC and its sub-groups are reviewed at least annually. In 2024 there were no material changes. As mentioned above, in early 2025, the Climate Change Resilience Group was discontinued, and will be superseded by the Corporate Sustainability Group.

2.2 RESOURCES

RESOURCING OF OUR RESPONSIBLE INVESTMENT CAPABILITIES

We believe that resourcing of responsible investment capabilities is crucial to our business, and our resourcing in this area is under continuous review to ensure it remains appropriate given the importance of stewardship activity (please see **Appendix III** for biographies of key individuals). In recent years we have invested substantially in our investment capabilities:

- **Investment teams:** Responsibility for our stewardship activity is integrated within our risk management (LDI) and fixed income processes, with our investment teams responsible for research and engagement with relevant stakeholders. This includes analysis of and dialogue covering relevant and material ESG factors that could affect the entities in which we invest, and the application of ESG criteria to portfolios with sustainability targets.
- **Responsible Investment Team:** Our Responsible Investment Team coordinates responsible investment efforts and innovations across our investment teams, including the development and maintenance of our proprietary Prime ESG and climate risk ratings.
- **Public Policy function:** Our Public Policy function oversees broader issues impacting Insight and its clients, with a particular focus on engagement with policymakers for upcoming regulatory and policy changes. See **Section 4** for more information on our activity in this area.

The Responsible Investment Team works closely with, and supports, our team of 275 investment professionals, a breakdown of which is shown below. Of our investment professionals, 89 are based in the US.

Investment team	Total	Average years' industry experience	Average years' tenure at Insight
Fixed income	164	19	12
LDI	65	18	10
Multi-asset	14	20	10
Currency	21	21	14
Other	11	19	8

As at 31 December 2024. Includes non-UK employees of Insight North America, which provides asset management services as part of Insight.

RESPONSIBLE INVESTMENT TEAM

Insight's dedicated Responsible Investment Team is led by Robert Sawbridge (Head of Responsible Investment). Robert is embedded within Insight's wider investment management team, and reports to Adrian Grey, Global CIO.

- **Robert Sawbridge, as Head of Responsible Investment**, guides and oversees the overall responsible investment programme at Insight across asset classes and investment teams. Robert's primary focus is on ensuring effective integration of responsible investment across investment teams as well as defining and implementing the investment strategy and parameters of our responsible investment solutions.
- **Chandra Gopinathan, Head of Responsible Investment Research**, is responsible for leading Insight's sustainability-related research activities and integrating research findings to improve long-term decision making.
- **Rhona Cormack, Responsible Investment - Senior Specialist**, and **Christopher Huynh, Responsible Investment - Senior Specialist**, are responsible for setting the engagement strategy for Insight, including the identification of Insight's prioritised ESG themes. Additionally, they lead the stewardship and engagement process with issuers, which includes using Insight's proprietary tools to identify laggards, and developing engagement approaches tailored to each issuer.

Alongside Robert, Chandra, Rhona and Chris, a team of quantitative researchers, responsible investment specialists and analysts, and an ESG Investment Specialist work to directly support Insight's responsible investment efforts.

- The quantitative researchers are responsible for the development and management of our ESG data and proprietary ratings.
- The specialists and analysts are responsible for ESG projects and providing technical input into and research into more bespoke ESG mandates.
- The ESG Investment Specialist supports the delivery of strategic responsible investment projects and are responsible for engaging with clients on responsible investment matters.
- An ESG Portfolio Manager oversees relevant strategies.

Figure 4: Responsible Investment Team[2]

Robert Sawbridge
Head of Responsible Investment

Investments	Research and stewardship		Implementation	Clients	Quant and Data
Fabien Collado Portfolio Manager **Ruth Hannigan*** Analyst **Jorg Soens** Senior Specialist **Eleanor Austin** Specialist	**Chandra Gopinathan** Head of Research **Christopher Huynh (NY)** Senior Specialist **Smita Pandey***** Analyst	**Vanaja Indra**** Head of Public Policy **Rhona Cormack** Senior Specialist **James Fisher** Analyst	**Thamy Sivalognathan** Implementation Lead **Milin Nagar***** Analyst	**Sheena Schyma*/ Sanaa Mogul*** Investment Specialist **Lauren Brady**** Solution Designer	**Tudor Thomas**** Head of Fixed Income Quantitative Research Supported by 3 Quantitative Researchers/ Developers**

RESOURCING INSIGHT'S INVESTMENT TEAMS

Fixed income

Insight's Fixed Income Group is responsible and held accountable for upholding our stewardship and ESG-related priorities. The dedicated fixed income implementation groups are shown below. These report directly to the RIG, which is responsible ensuring that Insight's responsible investment strategy is implemented across all asset classes and by all investment teams.

Figure 5: Responsible investment groups under RIG

	Corporate fixed income	Sovereign fixed income
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	Monthly	Monthly

As fixed income assets are a core allocation within many, if not most, of our clients' portfolios (including the risk management assets managed by Insight – see **Section 6** for more information), the output from the above groups is key for a large proportion of Insight's AUM. Individuals from across the investment desks are members of these groups, and/or will present proposals and updates as necessary.

The primary responsibility for ESG analysis in the management of fixed income assets is undertaken by our 40-strong credit analysis resource. Insight's credit analysis function has an average of 18 years' industry experience and nine years' tenure at Insight[3]. As part of the fundamental analysis undertaken by our credit analysts, they assess ESG risks and 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

[2] As at February 2025. (NY) New York. * Employees who focus on responsible investment but report into other teams.
** Employees who spend c.30-50% of their time on responsible investment but are not dedicated responsible investment resource.
*** BNY employee, based in Pune, India. Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). Includes 15 total aggregate employees dedicated to responsible investment and groups that have responsible investment accountabilities part of broader roles or provide support through their activities. Note: does not reflect the ESG objective weighting for all colleagues (10% within the conduct objective). [3] As at 31 December 2024.

professionals are also equipped with information and tools to assess ESG and financial practices to support effective stewardship.

For all Insight employees, access to responsible investment learning material is available to improve the technical and theoretical understanding of colleagues.

Solutions

Our engagement with our clients aims to ensure we fully understand their needs, enabling us to pursue their desired outcomes, and we have widely resourced a range of teams to support our efforts to invest responsibly in our risk management (LDI) strategies.

Insight has several teams that collaborate to ensure we are serving clients effectively with their risk management (LDI) solutions: our Client Solutions Group (including dedicated Solutions Designers who help develop specific strategies reflecting clients' requirements), Consultant Relations Team, Financial Solutions Group (which focuses on risk management and LDI solutions) and Responsible Investment Team collaborate to help ensure our work is helping maximise our clients' certainty of achieving their objectives in a responsible manner. For more information, please see **Section 6**.

Unlike fixed income, risk management solutions such as LDI mandates are not just a single asset class. They are strategies using a number of asset classes (as explained in **Section 6**, and elsewhere in this report). The integration of ESG factors and stewardship at an asset-class level is therefore an important goal.

The **Solutions Responsible Investment Working Group** aims to develop the responsible investment approaches for our clients across different aspects of our clients' risk management solutions in a coherent way. The Group aims to build materials for internal and external use and highlights areas that need further attention.

In 2024, the Group's activities included:

- **Enhancing TCFD reporting for UK gilts**
  - we aligned our reporting for absolute emissions with the latest recommendations from the Partnership for Carbon Accounting Financials (PCAF) and Investment Consultants Sustainability Working Group (ICSWG);
  - added a reference to reflect the lack of recent data on Scope 3 emissions in reporting; and
  - reflected the downgrade of the UK from Germanwatch/Climate Action Tracker in the implied temperature rise metric.
- **Contributing to training, development and the dissemination of responsible investment thinking**
  - we produced a summary of our counterparty engagement programme for clients and consultants (concluding the results of the 2022-2023 programme and progress to date of the 2024-2025 programme);
  - considered pension schemes' escalation plans where gilts are not net-zero aligned (discussing the feasibility of options available such as direct engagement, cross-industry working groups and disinvestment); and
  - communicated key responsible investment updates to client-facing teams and ran ad-hoc training sessions on topical issues.
- **Collaborating with consultant and industry bodies on topical issues**
  - we pursued dialogue on the scope of fiduciary duty (curtailed by the election and subsequent change of government),
  - responded to the DWP consultation in early 2024 on the options for defined benefit (DB) pension schemes, and
  - engaged in discussions with consultants on the scope of climate policy advocacy with the UK government.

Our goals for 2025 include:

- **Climate (and nature) reporting:** We will continue to enhance TCFD-aligned climate reporting for clients and their advisers as guidance and industry practice evolves. We will continue to review the effectiveness and relevance of nature-based reporting, working with others as part of the TNFD Forum.
- **Counterparty engagement:** We plan to further evolve our ESG engagement work in respect of our trading counterparties as we progress through our 'analyse-engage-recommend' process for each counterparty in scope.
- **Climate risk for sovereign bonds:** We plan to continue our work on assessing the impact of climate risk on sovereign bonds.
- **Climate policy engagement and advocacy:** We plan to evolve our strategy for climate policy engagement, and to continue to engage with various policymakers, industry-wide groups and consultants on this important topic.
- **Knowledge sharing:** We plan to evolve Insight's responsible investment knowledge-sharing programme for both internal and external audiences, which will also include topics related to LDI. Our training and broader communications activities are designed to raise awareness and help focus efforts to maximise benefit for clients both internally and externally.

Stewardship and responsible investment training

Insight has an extensive training and development programme, which includes topics related to stewardship and responsible investment.

> We run a range of courses, including open courses to develop professional and technical skills or to grow understanding of specialist areas. We run an ESG fundamentals course, run by Fitch Learning, and sponsor a range of professional qualifications, such as the Certificate in ESG Investing from the CFA Institute, alongside the Chartered Alternative Investment Analyst (CAIA) and Chartered Financial Analyst (CFA) designations.

These efforts are supported by a dedicated section within Insight's intranet focused on responsible investment, to help staff locating our most recent updates and providing a comprehensive source of information covering relevant issues to help our teams to address questions from clients and consultants clearly and consistently.

As part of our commitment to being a leading provider of responsible investment solutions in the fixed income space, we understand the need to ensure responsible investment principles are understood and embraced throughout our company. We aim to build a high level of literacy and help our people navigate a complex set of regulatory expectations.

In 2023 Insight rolled out two key mandatory e-learning programmes, the ESG Fundamentals Certificate and an ESG Advanced Certificate. We worked closely with our chosen partner, Fitch Learning, and modules were determined depending on the employee's role. The modules included ESG factors, market and engagement, ESG integration into both investment analysis and portfolio management. We continue to roll these out to new joiners.

The advanced programme will also develop further in 2025 into a series of masterclasses supported by our own responsible investment experts and the external ESG faculty in Fitch Learning, as appropriate. We will continue to offer a range of sessions run by Fitch Learning which are open to all permanent employees. The sessions will aim to facilitate knowledge, discussion and innovation on an ever-changing sustainability landscape. We will also be running sessions facilitated by our internal experts primarily aimed at our investment and client-facing teams.

In addition to our new ESG training programme, we continue to support and encourage our key investment and client professionals to undertake the CFA Certificate in ESG Investing.

Resourcing of third-party service providers supporting our responsible investment activities

Our Prime ESG and climate risk datasets (see **Section 7** for more information) incorporate numerous third-party datasets and require support from the wider business. These research capabilities establish new processes to complement and inform existing stewardship-related activities. As detailed throughout this submission, in forming our proprietary tools and scoring frameworks we effectively supplement our analysts' research with data from multiple third-party data providers. Please see **Section 8** for more information.

2.3 INCENTIVES

Stewardship activity is embedded within the remuneration structure of key 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 LTIP.

Philosophically, we aim to embed ESG considerations wherever they are relevant to our investment activities. 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 high-performing teams and deliver strong reward outcomes for exceptional individual performance. A team culture is an essential part of the way we conduct our business and our remuneration policy is designed to encourage this.

- **For all Insight's staff**, performance is measured against a framework of objectives covering business as usual activities, initiatives, and conduct, the latter of which accounts for 20% to 40% of an employee's annual performance assessment. Conduct includes a review of an employee's performance with reference to their core behaviours; leadership and management; and organisational priorities.

  The organisational priorities include a reference to "The extent to which you add value beyond your role by contributing to key organisational priorities including… keeping abreast of Insight's ESG aspirations and acting to support their achievement".
- **Insight's portfolio managers** have one and three-year performance objectives to align their activity to a suitable time horizon, with any ESG objectives customised to reflect their specific activities. Portfolio managers responsible for dedicated sustainable strategies or mandates with client-specified ESG criteria will also have a formal objective in their review. The outcome of the performance appraisal is linked closely to any discretionary compensation element.
- **For our credit analysts**, we have formally integrated the analysis of ESG factors into their work 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.

  Insight's credit analysts have specific ESG-related (including stewardship) objectives, accounting for a 10%-20% weighting of their annual objectives. Consequentially, such employees are incentivised to actively prioritise relevant ESG factors in their investment decision-making or the management of portfolios which aligns with the concept of effective stewardship.

  Our credit analysts are required to identify two to five companies with ESG shortcomings that would be the target for a deep-dive engagement, to be agreed with the Head of Credit Analysis.

  ESG-specific performance objectives now stand as follows:

  ESG objectives for Insight credit analysts (10-20%):

  – Evidence ESG risks faced by issuers have been reviewed critically.

  – Ensure ESG ratings are noted and commented on as follows:

  – All '5' ratings (the worst possible in the Prime corporate ESG ratings framework) are commented on and explained.

  – All new issuers/new positions commented on regardless of ESG scores being strong/weak.

  – Undertake company-specific deep dive engagements as agreed with the Head of Credit Analysis.

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 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. We believe that new thinking and constructive challenge can come from anyone in our business, and we empower our people to speak up when they see something that can be improved. The collective ownership culture ensures that our business and its people have incentives aligned to the interests of all our stakeholders.

LTIP awards typically now vest pro-rata over 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 50% 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.

Overview

	Key statements
Context	• We disclose Insight's Conflicts of Interest Policy and how this has been applied to stewardship, detailing our activities in the following areas: – Identification of conflicts – Conflicts of interest framework – Conflicts of Interest Policy – Conflicts register – Controls to mitigate individual conflicts – Training – Monitoring and surveillance – Proxy Voting Policy
Activity/ Outcome	• We explain how Insight has identified, managed and addressed instances of actual or potential conflicts, including those related to stewardship. • In our response we explain any new potential conflicts identified and addressed in 2024.

3.1 CONTEXT

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 could diverge from those of a client or when Insight or its personnel could have obligations to more than one party whose interests are different to each other or those of Insight's clients.

IDENTIFICATION OF CONFLICTS

In provision of a service to clients, dealing with day-to-day business activities, or dealing with personal affairs, there could be potential incentives not to act in the best interests of a client or groups of client and instead act for the benefit of Insight and/or individual employees. In identifying potential conflict situations, as a minimum, consideration may be made as to whether Insight, or a member of staff, is likely to:

- Make a financial gain or avoid a financial loss at the expense of the client
- Benefit if it puts the interest of one client over the interests of another client
- Gain an interest from a service provided to, or transaction carried out on behalf of a client which may not be in, or which may be different from, the client's interest
- Obtain a higher than usual benefit from a third party in relation to a service provided to the client
- Receive an inducement in relation to a service provided to the client, in the form of monies, goods or services other than standard commission of fee for that service
- Have a personal interest that could be seen to conflict with their duties at Insight

Employees are responsible for identifying conflicts of interest in relation to their business activities and personal interests and reporting new conflicts/changes to existing ones as soon as possible to the Compliance Team. Insight must take all appropriate steps to identify potential conflicts of interest and to take action to either remove the conflict entirely or to implement relevant processes and controls designed to manage the conflict and prevent any damage to the interest of Insight's clients. The Compliance Department will provide guidance to business employees in relation to identified conflicts, assisting them with determining suitable controls and assisting with client disclosure if required.

Employees periodically must complete conflicts of interest training which includes how to identify conflicts as well as adhere to a number of other policies, procedures and arrangements which are designed to ensure potential conflicts of interest are appropriately managed and mitigated. These include BNY corporate policies, Insight policies, operational procedures and guidelines and other arrangements including:

- Employee Code of Conduct and Ethics, and terms and conditions of employment
- Order Execution Policy
- Trade Aggregation/Allocation Policy
- Market Abuse Policy
- Proxy Voting Policy
- Handling of Complaints
- Incident Reporting
- Gifts and Entertainment Policies/Outside Interests
- Employment and Relatives Policy
- Personal Securities Trading Policy
- Research Policy

Senior management are responsible for ensuring that:

- Potential conflicts of interest are being appropriately identified, managed and mitigated
- Conflict mitigation processes and procedures are being appropriately adhered to and adopted within Insight

Insight governance committees and management groups provide a mechanism for discussing conflicts of interest and matters arising from new and existing conflicts.

CONFLICTS OF INTEREST FRAMEWORK

Insight ensures it manages conflicts of interest fairly and in accordance with the Financial Conduct Authority (FCA, UK), Central Bank of Ireland (Ireland), Securities and Exchange Commission (SEC, US), 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.

Key elements of Insight's conflicts framework include our:

- Conflicts of Interest Policy
- Conflicts register
- Controls to mitigate individual conflicts
- Conflicts of interest mandatory training
- Monitoring and surveillance
- Proxy Voting Policy

We provide more information on each of these elements below.

CONFLICTS OF INTEREST POLICY

We have a Conflicts of Interest Policy that details the processes to reduce conflicts from arising and the guiding principles used in their resolution. A full summary of our policy is available in **Appendix IV**.

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 Team. These conflicts are regularly reviewed with relevant business areas to ensure appropriate controls are maintained to manage and oversee these conflicts of interests.

Potential conflicts scenarios and mitigation procedures: an overview

A summary of the material and relevant potential conflicts of interest identified by Insight are described in our conflicts policy (see **Appendix IV**), including the preventative measures to manage these. We offer a summary below.

- Conflicts between one client/portfolio and another client/ portfolio
- Conflicts between BNY and Insight
- Conflicts between the interests of suppliers and third parties, and Insight or Insight's clients
- Conflicts between Insight's interests and clients' interests
- Conflicts between Insight's employees' personal interests and clients' interests

CONFLICTS REGISTER

Insight maintains registers for conflicts of interest, which are reviewed regularly by relevant committees.

The UK/EU register covers both 'structural' and 'specific' conflicts, with c.60 conflicts currently on the register.

- **Structural conflicts** – represent an inherent conflict in Insight's business model based on the broad activities we undertake (which will be similar across most asset managers).
- **Specific conflicts** – represent a conflict which is based around specific funds/clients/processes and for which specific mitigating arrangements/controls have been put in place.

Register details include:

- Conflict situation, category and mitigating controls.
- Governance committee, EMC owner, Compliance Team and business review contact identified for each conflict.
- Compliance monitoring/surveillance over conflict controls as well as the management information that will be produced on the conflict on an ongoing basis.
- Relevant firm-wide policy documents, to each structural and specific conflict, that relate to the conflict situation.
- Date of the last review of the conflict and the date that details of the conflict situation were last updated.

CONTROLS TO MITIGATE INDIVIDUAL CONFLICTS

Policies, governance arrangements and procedures are in place to ensure business decisions are made objectively, at arm's length and for the benefit of clients. These include BNY corporate policies, Insight policies, operational procedures and guidelines and other arrangements including the following key policies:

- Order Execution Policy – ensuring fairness when trading on behalf of our clients.
- Trade Aggregation/Allocation Policy – ensuring fairness when managing client portfolios.
- Proxy Voting Policy – ensuring an independent, fair process when handling voting instructions.
- Handling of Complaints – ensuring clients treated fairly and objectively when handling any client's dissatisfaction with our service.
- Incident Reporting – ensuring any handling of incidents and breaches and any action to rectify the matter is fair to the client.

- Remuneration/Recruitment Policies – ensuring that our remuneration process is designed so that there are no conflicts with the duties owed to our clients and the service we provide.
- New product oversight/approval arrangements – ensuring the new product approval process mitigates any conflicts of interest, and product development is fair to both new clients and existing ones.
- Vendor Management – ensuring our vendor management and procurement process adheres to the strictest of requirements to mitigate conflicts when appointing and dealing with third parties to provide services to Insight. See **Section 5** for more information on our Global Outsourcing and Vendor Management Policy, including the ESG criteria applied to our suppliers.
- Use of third-party counterparties/external panel in place to resolve issues: this applies in situations where repos exist between an Insight fund and Insight segregated clients.

Policies and procedures are in place to ensure employees' interests are not put before Insight/client interests (please see earlier in this section).

TRAINING

Insight conducts regular mandatory training and awareness sessions focusing on managing potential conflicts of interest.

- All employees are required to fill in an annual questionnaire on the BNY Code of Conduct, which includes potential conflicts of interest.
- All employees are given regular training on topics including conduct and ethics.
- Specific training is undertaken as deemed necessary around key conflicts controls (e.g. personal account (PA) dealing, gifts and entertainment, bribery and corruption, and market abuse).

MONITORING AND SURVEILLANCE

Conflicts in the register have been considered for both monitoring and regular surveillance, with Insight's conflicts register containing details of the monitoring review and/or surveillance activity associated with each conflict and its controls. Reviews are undertaken jointly by the Compliance Team and business colleagues quarterly of all the conflicts in the register, with conclusions and actions reported to appropriate governance committees.

Our approach and framework to manage conflicts of interest is reviewed by an independent auditor as part of our annual service organisation control (SOC) audit. More information is available in **Section 5**.

PROXY VOTING POLICY

How an investment manager votes on shareholdings is a key element of its approach to stewardship, and so identifying and managing conflicts relating to voting activity is important to ensure effective stewardship is not undermined. Predominantly, the holdings which fall within the scope of the policy are equity holdings. Equity holdings are limited at Insight, with equity assets accounting for less than 1% of our AUM. Some of these assets are accounted for by equity exposure via derivatives, limiting our ability to engage through voting. More information on our voting activity is available in **Section 12**.

Insight's full Proxy Voting Policy, updated in 2024, is available here.

The Policy contains a section specifically focusing on conflicts of interest, including contentious voting issues that could be linked to a potential conflict of interest, presented below.

Conflicts of interest (section within Insight's Proxy Voting Policy)

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 could diverge from those of a client or when Insight or its personnel could have obligations to more than one party whose interests are different to each other or those of Insight's clients.

In identifying a potential conflict situation, as a minimum, consideration will be made as to whether Insight, or a member of staff, is likely to:

- make a financial gain or avoid a financial loss at the expense of the client;
- present material differences in the thoughts of two portfolio managers (PMs) who own the same security;
- benefit if it puts the interest of one client over the interests of another client;
- gain an interest from a service provided to, or transaction carried out on behalf of a client which may not be in, or which may be different from, the client's interest;
- obtain a higher than usual benefit from a third party in relation to a service provided to the client;

- receive an inducement in relation to a service provided to the client, in the form of monies, goods or services other than standard commission or fee for that service;
- have a personal interest that could be seen to conflict with their duties at Insight;
- create a conflict where Insight invests in firms which are clients or potential clients of Insight. Insight might give preferential treatment in its research (including external communication of the same) and/or investment management to issuers of publicly traded debt or equities which are also clients or closely related to clients (e.g. sponsors of pension schemes) – this includes financial and ESG considerations; or
- create a conflict between investment teams with fixed income holdings in publicly listed firms or material differences in the thoughts of two portfolio managers who own the same security.

3.2 CONTEXT

POTENTIAL CONFLICTS RELATED TO RESPONSIBLE INVESTMENT

We engage with clients frequently on a range of potential conflicts related to responsible investment. Among these, we describe two frequently occurring areas below.

1. To address potential conflicts that arise because of divergences between Insight's responsible investment policies and the responsible investment policies of the client.
2. To address potential divergence between the interests of our client and their beneficiaries.

In the reporting period, these issues are relevant to our efforts to represent client interests, as opposed to conflicts between Insight's interests and those of clients and beneficiaries. To date, issues highlighted have been identified and addressed effectively through direct engagement between our investment team, our client solutions team and the client to agree specifically how to proceed. These discussions happen in the context of the investment approach being pursued and need to balance financial and potentially non-financial considerations and establish the correct approach to measure, monitor and report. In all cases during the reporting period, we have identified and resolved issues in partnership with our clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight seeks to evolve its approach, we believe that conflicts are more likely to arise in this area as a result of legal changes, net-zero emissions goals, or the introduction of additional firmwide ESG or stewardship-related policies that need to be implemented, such as firm-wide exclusions lists. Because these have different implications in different jurisdictions or for different types of client, they will need to be addressed on a case-by-case basis. We envisage that we will see increased monitoring and potentially escalation of issues through our governance structure.

EXAMPLES OF STEWARDSHIP-RELATED CONFLICTS AND MITIGATION

During 2024 we enhanced our existing 'ESG Ratings' structural conflict by introducing an additional control where any securities given an ESG 5 score or any non-rated securities are reviewed quarterly by the Fixed Income Group (FIG) Implementation Team to confirm why they are held and if it is appropriate to be held. The example below sets out the hypothetical conflict scenarios and the steps that we have taken to mitigate those potential conflicts.

- **ESG ratings:** A portfolio manager may assign an issuer with an inappropriate ESG rating via manipulating an ESG questionnaire/short form template process or may inappropriately manually override the Prime generated ESG rating for an issuer. Reasons for doing this would include (i) wishing to favour issuers Insight also has a contractual relationship with (e.g. a client, vendor or counterparty) for perceived Insight commercial benefit; and (ii) enabling a portfolio to invest in an issuer for performance enhancement reasons which would not be possible given the portfolio investment objective and parameters if the issuer had been provided the correctly assessed ESG rating; and (iii) where an analyst believes they have identified weaknesses in the data assumptions in the ESG rating models which lead to incorrect or inconsistent scores being produced. This could lead to a conflict occurring whereby a security is manually given a better score than the Prime methodology suggests.
  - To mitigate the conflict, the use of questionnaires (completed by companies or issuers) or short form templates (completed by Insight credit analysts or portfolio managers) to source ESG information (not available through the Prime methodology) are tracked and monitored by the Ratings and Exclusion Group with ESG scores/ratings calculated by the Responsible Investment Team. Lapsed surveys are moved to non-rated until they are refreshed, except for ABS surveys, which can be recertified.

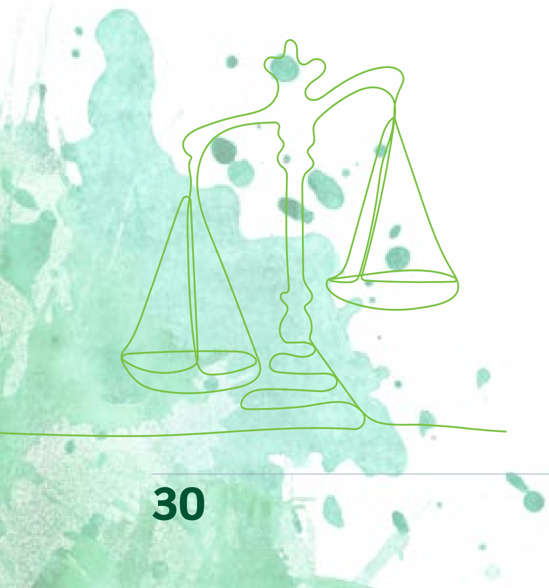
- Any securities with an overall Prime ESG rating of 5, or non-rated securities, are reviewed quarterly by the FIG Implementation Team and credit analysts to confirm why they are held and if it is appropriate to continue holding them.
- Credit analysts or portfolio managers need to apply to the Ratings and Exclusions Group for a score or rating to be overridden. A centralised log of all overrides raised, changed and rejected is maintained by relevant specialists. A separate log is maintained to record all manual interventions.

Examples of existing stewardship-related conflicts and mitigation

- **SFDR classification:** In respect of European mandates subject to EU SFDR, Insight could classify funds as Article 8 or Article 9 under EU SFDR to win new business, even if funds do not meet any set criteria.
  - To mitigate the conflict, all funds which are going to be re-classified or launched must be approved by IROC.
  - Insight has established minimum criteria for corporate funds that need to be classified as Article 8 or Article 9.
- **ESG marketing and distribution:** Insight could market its funds or strategies as ESG funds or as having an ESG mandate, when they do not have an ESG mandate, in order to make them more attractive to investors. Insight could consistently favour new prospects over existing clients in the performance of its client communication and distribution duties when communicating new proposed ESG investment criteria that have not been finalised and notified to existing investors in a pooled fund.

There is an ESG protocol which establishes best practices for marketing materials and identifies the risks of 'greenwashing'. The Marketing Team's procedures have been updated to reference the need to refer to the ESG protocol for guidance where ESG terms are included in marketing material and the checks they must undertake and evidence to obtain. Training on the ESG Protocol has been provided to the relevant staff.

- The Insight Fund Schedule includes designations of ESG categorisations, such as SFDR categorisations, of funds to help determine what is an ESG EU-managed mandate and what is not. The Marketing Team refers to this during the approval process of marketing materials.
- The sign-off process for marketing materials includes the Risk Sign Off Matrix with appropriate approvals from the Investment Team, Marketing Team and Compliance.
- The Marketing Team reviews the objectives of funds during the annual product review process and to ensure that they are consistent with marketing material.
- Regarding pre-shareholder communications on proposed changes, no written information on the changes will be included in responses to requests for interest (RFIs) or requests for proposals (RFPs) unless a contemporaneous pre-shareholder notification to existing shareholders is provided.
- After shareholder communications of any changes, details can be included in RFIs and RFPs with sufficient disclosures that they are proposed changes subject to shareholder approvals.



4 Promoting well-functioning markets

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

Overview

	Key statements
Context	• We believe seeking to understand and mitigate systemic risks within our clients' investments and the wider financial system is directly relevant for most of our clients, whether we are managing risk management (including LDI), fixed income, or another type of strategy on their behalf. • We explain how Insight identifies market-wide and systemic risks for engagement: – Identification of potential risks – Prioritisation for engagement – Engagement strategy formation and execution – Reporting to internal stakeholders – Reporting to external stakeholders
Activity and outcomes	• We show how Insight has identified and responded to market-wide and systemic risks; worked with stakeholders to promote continued improvement of the functioning of financial markets, including our clients, policymakers and regulators; explain the role Insight has played in a range of relevant industry initiatives, and described the outcomes of each. • Key risks on which we engaged in 2024 include issues that we believe represent real risks to the economy, as well as concerns relating to the structure and operation of markets – with direct relevance to our risk management (LDI) and fixed income AUM: – Options for defined benefit pension schemes – Central clearing for UK pension funds – Sustainable finance • In terms of our effectiveness in promoting well-functioning markets, we believe our engagement on these issues has led to a positive impact.

4.1 CONTEXT

Insight's investment philosophy is focused on maximising our clients' resilience in the face of uncertainties which may be impossible to quantify. This drives our focus on identifying potential future risks that may present material risks to our clients in the medium to long term. We therefore seek to look ahead to future risks that may emerge over the life of our clients' investment strategy, thereby adding value to clients in helping them to understand and consider the range of risks they may face in future, as opposed to dealing with risks that have materialised already.

Given the above, we believe seeking to understand and mitigate systemic risks within our clients' investments and the wider financial system is directly relevant for most of our clients, whether we are managing risk management (including LDI), fixed income, or another type of strategy on their behalf. Delivering superior investment solutions depends in large part on the effective management of the risks and opportunities presented by all material factors.

We support industry initiatives which are focused 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 vulnerabilities in financial markets.

For a range of past communications and policy responses from Insight, please see here.

HOW INSIGHT IDENTIFIES MARKET-WIDE AND SYSTEMIC RISKS FOR ENGAGEMENT

1 **Identification of potential risks:** Several teams within Insight monitor sources of potential risks, with a focus on identifying significant changes that may impact Insight as a firm, the functioning of financial markets, and the services we offer to our clients.

- Regulatory developments are monitored by our Compliance Team.
- Policy developments related to topics on which we are engaging, and any topics of strategic importance, are monitored by our Public Policy function.
- Investment risks are monitored by our Investment Risk Team. Insight operates tools, 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 risks, including market-wide and systemic risks.
- Long-term sustainability risks and opportunities to engage are monitored by our Responsible Investment Team. The ESG Advocacy Group discusses certain sustainability-related topics including prioritisation and policy engagement strategy.

Sources of information include regulator alerts, trade associations, law firms, service providers, BNY and direct engagement with our clients and other market participants by Insight staff.

2 **Prioritisation for engagement:** Information is assimilated and shared with relevant business functions and subject matter experts within Insight by the relevant teams to better understand the potential impacts of issues identified as potential risks. How an issue is prioritised for engagement by Insight depends on the significance of the issue, and whether the issue is already being addressed effectively within the industry.

3 **Engagement strategy formation and execution:** An engagement strategy is formed and executed based on the prioritisation of issues. This may include engagement with trade associations, industry participants and/or policymakers. Our Public Policy function will typically lead on developing and implementing an engagement strategy. This function is supported when necessary by the BNY Public Policy and Government Affairs team.

4 **Reporting to internal stakeholders:** The prioritisation of consultations and actions taken are reported to Insight's EMC. A Mandatory Programme Steering Committee is responsible for overseeing regulatory change projects, and the Compliance Team reports new key regulatory developments and status and issues on existing ones to Governance Committees including the Risk Management Group (RMG) and the Risk Committee. The Crisis Management Team, chaired by our CRO, is also appraised of risks to enable an effective response to crisis events. The Responsible Investment Team, and others when relevant, will flag topics relevant for responsible investment issues to the IROC.

See **Section 2** for more information on our internal governance structure.

5 **Reporting to external stakeholders:** Relevant activity is shared on a quarterly basis with clients and consultants. On any initiatives relevant to our clients, our Client Solutions Group and specialist Legal Team will communicate these to clients, and seek to assist our clients in ensuring they are well positioned in light of any market-wide and systemic risks we identify that may impact them.

4.2 ACTIVITY/OUTCOMES

Insight engages with policymakers, trade associations and market participants to protect our clients' interests relating to the mandates we manage, from issues arising from either regulatory or market developments. We offer a summary of our engagements and initiatives on market-wide and systemic risks we have identified and responded to below.

In this section we show how Insight has identified and responded to market-wide and systemic risks, worked with other stakeholders to promote continued improvement of the functioning of financial markets, explain the role Insight has played in a range of relevant industry initiatives, and described the outcomes of each.

In terms of our effectiveness in promoting our clients' and business interests, we believe our engagement on many of these issues has led to positive outcomes.

The activity outlined in this section is representative and not comprehensive. In 2024, Insight responded to a wide range of consultations, provided input to responses from industry bodies, and engaged in other ways on market-wide and systemic risks.

THE FUTURE OF DEFINED BENEFIT PENSION SCHEMES AND THE OPPORTUNITY FOR MEMBERS, SPONSORS AND THE UK

In recent years the funding position of UK DB schemes has improved significantly, and Insight has devoted considerable time and resource to promoting the benefits of running on DB schemes for the longer term, highlighting their health and resilience and the opportunity for members, sponsors and the UK.

DB schemes have c.£1.2 trillion of capital, and surplus assets amounting to c.£163bn on a low-dependency basis; these surplus assets could be put to productive use for years to come. For schemes to run on for the longer term and for these surplus assets to be put to the best possible use, changes to legislation to enable and encourage surplus release are key.

Insight has proactively and successfully advocated on a range of specific policy issues, and continues to do so with policymakers and peers.

The key policy issues on which Insight has engaged

To enable and incentivise trustees and corporate sponsors to maintain and manage DB pension schemes for the long term, we have advocated for several changes. We have been highlighting these issues to policymakers, clients, their advisers, and industry peers since 2003.

Key policy issues for which we have advocated include the following.

- **Enabling surplus release for a wider range of schemes:** We made the case for adjusting legislation to grant all schemes/sponsors the power to extract and use surplus on an ongoing basis, subject to appropriate controls.
  - The government announced in January 2025 that it would introduce legislation to enable and encourage surplus release for well-funded UK DB schemes. We believe Insight can take significant credit for this announcement, which came after extensive and proactive advocacy on behalf of our clients.
- **Tax treatment of surpluses:** We highlighted the need to adjust the punitive tax treatment of DB surplus released for sponsors to feel able to achieve this.
  - This was resolved in April 2024, when the tax rate for such payments was reduced from 35% to 25% (in line with the main rate of corporation tax).
- **Guidance for trustees:** We explained that given the health and security enjoyed by many DB schemes, buy-out should no longer be presented as the gold standard or only option, and that guidance explaining this should be issued to trustees.
  - In mid-2024 The Pensions Regulator (TPR) issued its annual funding statement – crucially, the statement included new text that presented running on, consolidation and buy-out as potential long-term targets for trustees and sponsors to consider; and stated that running on a scheme and generating additional surplus could be in the best financial interests of pension scheme members and benefit sponsors.

- **Incentives to release surplus:** We signalled the need for appropriate incentives for sponsors and trustees to release surplus while ensuring the security of member benefits. We have proactively advocated for two specific points, and these are the focus of our advocacy in 2025.
  - **Allowing surplus to be released when a DB scheme is fully funded on a low dependency basis, rather than a buy-out basis**. This would provide a necessary incentive for a significant proportion of corporate sponsors to consider surplus release. This basis is widely acknowledged as being very secure, including by TPR.
  - **Increasing the backstop offered by the Pension Protection Fund (PPF) to cover all benefits**. This would be the clearest and most straightforward way to reassure trustees and scheme members that members could still expect to receive their retirement income in full, even if surplus is released. This increased backstop could be achieved at minimal cost and with risks that could be well managed.

Our activity in 2024 included the following.

- Meetings with senior advisers and policymakers at the Department of Work and Pensions, TPR and the Treasury, the trades unions, industry peers and corporate sponsors to highlight the issues and advocate for policy reforms.
- A leading role in forming an industry-wide group which met regularly through 2024, consisting of investment, actuarial and legal specialists with clients representing hundreds of billions of pounds of assets under management, which formulated and presented clear policy proposals for DB schemes presented to policymakers and advisers.
- Insight responded to the government consultation on options for DB schemes in early 2024, providing crucial input on the policy changes that could unlock DB schemes' potential, and demonstrating why the oft-cited barriers to such action are, in many cases, driven by misconceptions or mistaken assumptions[4].

We believe the surplus assets of well-funded UK DB schemes could be used to increase members' benefits, support defined contribution (DC) pension schemes, and support sponsors' business plans. Surplus release would also likely result in significant tax revenues for the government and provide ongoing support for the gilt market. However, once a scheme moves to buy-out these options are closed, and the preponderance of schemes moving to buy-out could lead to systemic risks.

CENTRAL CLEARING FOR UK PENSION FUNDS

Insight has long advocated for pension schemes to have a permanent exemption from the central clearing of derivatives. The Treasury announced in January 2025 that the current exemption for UK pension schemes would no longer expire in June 2025, and would be extended indefinitely, with the option for the relevant authorities to review this in future.

We believe this is a clear positive development for UK DB schemes and the wider economy, and represents a concrete positive outcome from Insight's extensive work and engagement on this issue for around 15 years.

The key point of our engagement was to advocate to policymakers that pension schemes should be free to operate in a way that best enables them to fulfil their promises to members, and not forced to bear undue and unnecessary costs and risks.

While many UK DB schemes choose to clear voluntarily to support various objectives and activity, the risks and costs associated with mandatory clearing are significant. These include less flexibility with respect to eligible collateral, increasing the possibility of forced liquidations of hedging assets or risk assets to meet cash collateral calls; leading to increased reliance on banks to extend repo facilities in times of market stress, potentially placing the sterling repo market under severe pressure. These latter issues could have wider ramifications for the UK economy as a whole.

Insight has engaged with policymakers for around 15 years on the clearing rules. Insight played an important role not only in securing the initial exemption from clearing for pension funds under the European Market Infrastructure Regulation (EMIR) in 2012, but also the many subsequent extensions to it. Insight worked closely with a group of EU peers in these discussions and was part of the European Commission's pension fund expert group on the topic from 2017 to its conclusion in 2023.

After Brexit, Insight proactively engaged with the UK authorities to not only get this issue prioritised, but to also push for a long-term solution that could provide UK pension schemes the certainty they deserve.

[4] Insight's response to the DWP consultation on DB schemes, 24 April 2024, Insight.

The UK initially adopted the EU rules with some helpful amendments but still without a long-term solution. In September 2022, Insight held a roundtable with the UK authorities in conjunction with the Pensions and Lifetime Savings Association and several large UK pension funds to discuss the need to develop a long-term solution to the UK pension fund temporary clearing exemptions. The roundtable was attended by representatives from HM Treasury, the Bank of England and the Financial Conduct Authority.

Following this, in 2023 the Treasury extended the temporary exemption for UK pension schemes until 2025 and consulted on long-term solutions including the possibility of a permanent exemption. Insight responded to this consultation[5] and engaged with relevant trade associations on the issues. We continued to engage with the Treasury in 2024 and highlighted how mandating pension funds to clear could limit their ability to support UK growth assets, a key priority for the government. We were pleased that the announcement in January 2025 reflects the outcome we were seeking on behalf of our pension fund clients.

Today, UK DB schemes with gilt-based liabilities have moved to making extensive use of gilt repo in their liability-hedging mandates but many schemes still use swaps within liability-hedging mandates and within segregated corporate bond portfolios, and their use could potentially increase in future. We therefore believe the UK's approach to central clearing is a particularly helpful mitigant of risks and costs for relevant mandates, noting that such an exemption does not apply to investment funds (such as multi-client and bespoke pooled LDI funds) domiciled in the EU.

WORKING WITH THE BANK OF ENGLAND TO MITIGATE SYSTEMIC RISK

Following the turbulence in the gilt market in 2022, and the 2023 speech from the Bank of England's (now former) Executive Director for Markets Andrew Hauser in which he set out the Bank's plans to develop a new lending tool for non-bank financial institutions, the Bank has been working to develop this facility.

The need for such a tool was reaffirmed within the Bank's conclusions from a system-wide exercise to understand the resilience of the UK financial system, conducted in 2024[6]. It concluded that there is a reliance on the repo market by non-banking financial intermediaries and that banks may withdraw support for the repo markets in times of stress. For some years, Insight had been voicing concerns around the potential weakness of the repo markets in stressed times as part of its advocacy for an exemption from central clearing for UK pension funds.

Insight engaged with the Bank of England extensively in 2024 to provide input on the facility. In early 2025, the Bank announced the introduction of its Contingent Non-Bank Financial Institution Repo Facility (CNRF), which is intended to act as an additional backstop tool for markets by providing a broader range of participants with access to liquidity from the central (via transactions with the bank) at times of severe liquidity stress in the gilt market[7].

Insight supports this initiative and will continue to work with the Bank of England on each phase of the programme. We have provided some feedback on aspects of the facility that require further development, in our view, and maintain regular dialogue with the Bank on this and related issues. Insight remains engaged with the Bank to facilitate any appetite for a second-generation development of the programme and is encouraging the Bank to set up an industry working group with the buy-side for any future developments, if they were to occur.

[5] Call for evidence: UK pension fund clearing exemption – Insight Investment response (PDF), January 2024, Insight.
[6] The Bank of England's system-wide exploratory scenario exercise final report, 29 November 2024, Bank of England.
[7] Contingent NBFI Repo Facility (CNRF) – Market Notice 28 January 2025, 28 January 2025, Bank of England.

SUSTAINABLE FINANCE

Policymakers, regulators and industry groups continue to develop and put forward a range of proposals relating to sustainable finance, and Insight engaged on a wide range of such topics.

Our activity included engaging with the UK DWP on its interpretation of fiduciary duty, in relation to whether pension scheme trustees might consider longer-term sustainability factors alongside more immediate and direct financial risks; and engaging with the Financial Reporting Council on its consultation on the UK Stewardship Code.

We highlight two particular areas of activity below.

Green bond carbon footprinting

Insight conducted and published research in 2023 which explained how investors, in many cases, are forced to estimate the carbon footprint of green bonds, but the available approaches produce very different results[8].

This has implications not just for green bond holdings but for the carbon footprint of conventional bond and equity portfolios, given the need to adjust companies' overall metrics to reflect any green bonds they issue.

Our research prompted extensive discussion of this issue across the industry, and we continued to engage with peers and stakeholders on the issue through 2024.

We were pleased when in December 2024, new proposed guidance on measuring the carbon footprint of green bonds, published as part of a public consultation on the Global GHG Accounting and Reporting Standard by the Partnership for Carbon Accounting Financials (PCAF), clarified and addressed many of the issues that Insight highlighted in our research[9].

Transition investing

For investors seeking to finance the transition to net zero by 2050, the focus is sharpening on how to help companies that are pivotal to achieving real-world decarbonisation.

Insight engaged on this issue in 2024, responding to a consultation on voluntary guidance by the Glasgow Financial Alliance for Net Zero (GFANZ) on developing 'transition-informed' indices to support the net-zero transition[10], and working on what we believe to be a unique investment approach to support our clients focused on transition investing[11].

[8] Carbon footprinting for green bonds: a way forward, 6 January 2025, Insight.
[9] PCAF Launches Public Consultation on New Methodologies for the Global GHG Accounting and Reporting Standard, 3 December 2024, PCAF.
[10] Glasgow Financial Alliance for Net Zero Launches Consultation on Index Guidance to Support Real-Economy Decarbonisation, 9 October 2024, GFANZ.
[11] Transition investing: a new pillar in sustainable finance, 23 January 2025, Insight.

INSIGHT INVESTMENT – UNIVERSITY OF OXFORD GREENING FINANCE PRIZE

RESEARCH PRIZE FOR GREEN FINANCE

GREENING FINANCE PRIZE OUTSTANDING RESEARCH 2024

GREENING FINANCE PRIZE BEST FIXED INCOME PAPER 2024

GREENING FINANCE PRIZE OUTSTANDING SERVICE 2024

SEPARATING INVESTMENT REALITIES FROM THE RHETORIC

We believe that we must advance collective understanding of the relationship between commercial activity and environmental change. At this time of significant evolution in markets and investment practice, it is vitally important to act on evidence and ensure that we pursue rational investment decision-making that will deliver long term sustainable outcomes. This requires scientific scrutiny to identify the investment realities from the rhetoric.

In our view, rigorous academic research is essential to this. Researchers play an important role in ensuring the proper functioning of markets, not only in areas of innovation in nascent fields, but also by encouraging accountability and transparency among issuers and investors.

Before making investment decisions with assets that our clients have entrusted us to manage on their behalf, we seek understanding by conducting rigorous analysis to support our efforts to invest consistently and in a precise way.

In our view, decisions relating to environmental factors and sustainability are integral to quality investment decision-making and should be treated no differently. We must better understand how environmental change influences finance and investment, and how economic and financial systems can contribute to achieving global environmental sustainability.

To attain this understanding, the investment management industry urgently needs a broad and deep bank of academic evidence on the implications of incorporating environmental factors in investment decision making. This is essential to ensure the delivery of sustainable financial returns for investors and to make progress on environmental goals.

The Greening Finance Prize is run by the University of Oxford, judged by a panel of independent experts and supported by 16 responsible investment networks responsible for nominations. It seeks to recognise research that demonstrates rigorous financial analysis and which has practical applications for investment managers while drawing attention to the academic work which helps society to better understand how environmental change influences finance and investment, and how economic and financial systems can contribute to achieving global environmental sustainability.

To support this, starting in 2023, Insight funded the University of Oxford to deliver a Greening Finance Prize aimed at individuals or organisations in the not-for profit academic research sector. It seeks to encourage and recognise outstanding academic research which supports expansion of the available material which ultimately underpins the proper functioning of financial markets and the evidence required for long term investment decision making for clients.

Further details of the Greening Finance Prize can be found here, and 2024 winners are listed here.

5 Review and assurance

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

Overview

	Key statements
Context	• Insight's Board of Directors has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within Insight. • The EMC is the key business management committee for the company and its sub-committees are responsible for strategy and execution, operational management and finance. • The IROC is the principal governance group with oversight and accountability for responsible investment across investment, governance, philosophy, advocacy, operations and technology, commercial development and our CSR programme. • There are dedicated internal groups that meet regularly to discuss stewardship and responsible investment themes.
Activity and outcomes	In this section we explain the rationale for our chosen approach, and outline our activity with regard to reviewing policies and processes to assure their effectiveness and where we can improve, covering: • **Assurance received in relation to stewardship:** We conducted internal Compliance-led reviews to determine gaps in our implementation of the BNY responsible investment policy. This led to new processes and initiatives for our investment and marketing teams. BNY audits of Insight investment teams formally include ESG matters. We also provide more information on Insight's internal and external risk management process framework. • **Stewardship reporting: how we ensure it is fair, balanced and reasonable:** For our stewardship reporting, whether for our risk management (LDI), fixed income, or other strategies, we broadly seek to take the following steps: a. Understand our clients' reporting needs. b. Generate relevant reporting in a clear and relevant format. c. Review reporting (both the data and the format) internally. d. Provide reporting to the client and their advisers, seeking feedback on whether and how it aligns to their needs. • We believe our extensive internal and external reviews encourage continuous improvement of our policies and processes in relation to stewardship.

5.1 CONTEXT

Our governance structure, processes and oversight are explained in detail in **Section 2**. Key bodies include the following:

- Insight's Board of Directors has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within Insight.
- The EMC is the key business management committee for the company and its sub-committees are responsible for strategy and execution, operational management and finance.
- The IROC is the principal governance group with oversight and accountability for responsible investment across investment, governance, philosophy, advocacy, operations and technology, commercial development and our CSR programme.

In 2024, the Board's discussions and oversight activity included considerations of ESG-related matters such as:

- Insight's reporting on its carbon emissions, carbon intensity and energy usage
- Insight's relationships with key stakeholders, including clients, employees, and the community and environment
- Insight's approach to climate change and its applications across fund management activities

Furthermore, there are dedicated internal groups that meet regularly (monthly or quarterly, depending on the group) to discuss stewardship and responsible investment themes. These include the ESG Fixed Income Group (Corporate) and ESG Fixed Income Group (Sovereign) – see **Section 2** for more information.

5.2 ACTIVITY

In this section we outline our activity with regard to reviewing policies and processes to assure their effectiveness and where we can improve. We believe our extensive internal and external reviews encourage continuous improvement of our policies and processes in relation to stewardship.

EXPLAINING THE RATIONALE FOR OUR CHOSEN APPROACH

We believe that the approach we describe regarding our review and assurance activities is appropriate to the nature of our business and the responsibilities that we have to our stakeholders, including the requirement to act in our clients' best interests.

Our comprehensive approach reflects our desire to achieve:

- **Completeness** in terms of the coverage of our activities.
- **Transparency** regarding the status of our activities, frequent opportunities to identify and escalate areas for improvement.
- **Accountability** through our organisation, to the IROC, the EMC and the Board.

This comprehensive review, monitoring and oversight process is designed to encourage the continuous improvement of stewardship policies and processes throughout our business.

HOW INSIGHT REVIEWS POLICIES TO ENSURE THEY ENABLE EFFECTIVE STEWARDSHIP

Responsible investment policies are reviewed and approved by the appropriate governance group, such as the IROC or EMC. Insight reviews all its stewardship policies on an annual cycle as well as undertaking ongoing surveillance and thematic monitoring reviews on a regular basis. These apply across our risk management (LDI), fixed income, and other strategies.

Policies in place include our Responsible Investment Policy, our new Stewardship Policy (see below), and Controversial Weapons Policy (these are available in **Appendix V**) and our Proxy Voting Policy (see **Section 12** for more information).

Processes and policies relevant to stewardship and our trading counterparties are implemented by Insight's Counterparty Relationship Group (CRG), chaired by Insight's CEO. More information on the CRG is available in **Section 7**.

An internal annual review is conducted in accordance with Rule 206(4)-7 of the US Investment Advisers Act of 1940, to see if policies and procedures are reasonable designed to prevent violations of the law. Furthermore, Insight appoints KPMG to perform an assurance report on our internal controls under both the ISAE 3402 and SSAE 18 standards, on an annual basis.

We have processes in place to ensure that assets under management with regard to ESG-related strategies are categorised in a clear and consistent way, to minimise the risk of misstatements and maximise clarity with regard to different types of ESG-related strategy.

ESG policy framework enhancements

Activity within Insight's ESG policy framework in 2024 included the following:

- making enhancements to the operating protocols of our investment governance forums relating to the oversight and accountability for all ESG-related activities and engagement within Insight;
- making enhancements and additions to the management information provided to IROC;
- an assessment of external ESG networks in which Insight participates and/or to whom Insight is a signatory; and
- managing existing frameworks relating to the following.
  - Insight's framework for review and use of external data sources for internal research purposes, as part of Insight's continual focus on ensuring the integrity and resilience of data used to inform investment decisions.
  - Refining internal documentation relating to responsible investment process and ESG-related investment decision making.
  - Finalising changes on individual policies on stewardship and derivatives to support integration into investment processes and provide the best outcome for clients and ensure that our stewardship reporting is fair, balanced and understandable.

NEW FOR 2024: Stewardship Policy

We have revised our Stewardship Policy, which outlines the philosophy and approach we apply in our stewardship commitments, to reflect the scope and parameters of our activity. The Policy describes:

- the scope of our stewardship activity,
- our approach to stewardship, and
- how we engage with issuers and on systemic issues.

Our purpose is to support our clients in meeting their investment objectives. We aim to do so by overseeing our clients' capital in a responsible manner, and to create value for our clients as specified in our agreements with them.

The mandates we operate vary across asset type and geography, but are underpinned by our belief that well-managed entities are likely to be better investments; in our view they are more likely to have less potential downside risk and to help achieve investors' desired outcomes with greater certainty. To effectively manage investments on behalf of our clients, we seek to take account of factors that we believe can drive investment returns, work with issuers in which we may invest to help ensure these factors are appropriately and prudently managed, and collaborate with stakeholders in and beyond the investment industry to create the conditions for long-term investors and their clients to thrive.

See **Sections 7 and 9** for more information on how we put this into practice.

The full Policy is available in **Appendix V.**

ASSURANCE RECEIVED IN RELATION TO STEWARDSHIP

As we seek to engage with issuers in pursuit of a range of objectives, we are aware of a range of challenges in doing so. We outline some of these challenges below.

- The time horizons for achieving engagement objectives can be unclear, or vary significantly depending on the topic and the specific issuer's circumstances, among other factors.
- Establishing a single stance with regard to engagements is challenging when clients have opposing expectations, such as with regard to engagement on net-zero targets, and there are geographical differences in corporate and/or regulatory standards.
- The degree of influence achievable through engagement varies widely, by issuer type, size and jurisdiction; and is often unclear without extensive engagement with a specific issuer.
- Our clients may differ on the relative merits of engagement to improve relative to outright disinvestment.
- Engagement through collaborative initiatives can be highly effective, but it can be challenging to understand the extent of our influence or achievement through such initiatives.

To ensure our approach to stewardship is appropriate and effective, we undertake internal and external audits of our activity to identify areas for improvement.

More information on Insight's risk management framework, including audits, is provided below in the section titled 'Supporting information: Insight's internal and external risk management process framework'.

Compliance

Insight's Compliance Team provides ongoing advice and guidance to the business on regulatory matters and also undertakes periodic monitoring reviews across a range of regulatory themes. These activities include the area of stewardship and help to ensure that stewardship related policies, reporting and processes are effective and meet relevant regulatory requirements and standards.

In 2024, the Compliance Team continued to:

- review and approve marketing literature, including material related to ESG and stewardship activities;
- collaborate with relevant functions to enhance marketing review processes and guidance, including ESG and stewardship claims;
- provide compliance marketing training;
- review and oversee the maintenance of Insight's conflicts register;
- provide representation on Insight's PVG and advise on proxy-related matters where required;
- track ESG-related regulatory developments and communicate these to impacted stakeholder groups; and
- review some key elements of Insight's ESG and stewardship process and controls in thematic work as well as monitoring and testing.

New for 2024

In 2024, the Compliance Team:

- continued to review relating protocols with its marketing framework to ensure standards for materials referring to responsible investment and stewardship activity are consistent and subject to appropriate checks and controls;
- conducted a monitoring review of activities related to ESG factors, focusing on areas including the impact bond assessment framework, ESG engagement, investment guidelines, ESG ratings, and the overarching governance framework underpinning ESG at Insight;
- provided reviews of ESG-related disclosures, where required; and
- provided input to new and refreshed policy documents (see previous section).

In 2025, the Compliance Team intends to perform a standalone review of aspects of ESG operations, with specific coverage areas to be determined.

Internal audit

Internal audits, conducted by BNY, operate on a continual audit plan to conduct engagements throughout the year. This process follows a risk-based audit approach. Each Auditable Entity (e.g., business line or function) is risk- assessed each year to construct the annual Audit Plan, which is approved by the Audit Committee of BNY's Board of Directors. The annual risk-assessment methodology used by the Internal Audit team determines the frequency of audits based on assessed risk. The highest-risk businesses are audited every 18 months, with lower-risk entities being audited between every two and four years. However, the frequency for each individual function may change from year to year. Insight is captured in this process and included in the Audit Plan as appropriate.

The Internal Audit leadership must consider the most effective way of covering their Auditable Entities and may consider completing a 'vertical' review of a specific business line or process, combining audits of different entities, achieving coverage through audits integrated with specialist teams, or completing thematic, regional or enterprise-wide 'horizontal' reviews. Where appropriate reviews can be unannounced.

Internal Audit uses audit programmes as the basis for its audit work. These programmes cover a wide array of topics, such as compliance with laws, regulations and company policies; specific products; key processes and functions. These programmes may be developed from scratch or be used on a recurring basis. In either case, they are generally based on industry or regulatory guidance and are tailored to meet the specific scope of each audit.

The programmes are based on the standards promulgated by the Institute of Internal Auditors (IIA). Additionally, the department participates periodically in an external Quality Assurance Review in compliance with the IIA standards. The company's Internal Audit department has a robust Internal Quality Assessment programme. The programme is administered by the department's Professional Practices group so as to be independent of the teams who perform the audit work.

The comprehensive Auditable Entity listing and detailed Audit Plan supports our stewardship objectives by improving accountability levels across relevant teams and identifying appropriate new or existing resources to allocate.

For more information on our internal audits, please see the section below titled 'Role of BNY internal audit (third line of defence) with respect to the Insight risk framework'.

External audit

Our external auditor KPMG conducts an annual assurance review (SOC1 Type II under the joint ISAE3402 and SSAE18 Audit guidance standards) of Insight's internal controls, including controls relating to our approach to responsible investment. The review does not explicitly cover Insight's stewardship activities, but it does provide assurance on key investment management controls, including:

- Guideline management
- Proxy voting
- Conflicts of interest

The 2024 report, which covered the 12 months to the end of September 2024, noted that Insight's controls "were suitably designed to provide reasonable assurance that the control objectives would be achieved" over the period under review, and that the controls tested "operated effectively" over the period. For more information, please contact your Insight representative.

STEWARDSHIP REPORTING: HOW WE ENSURE IT IS FAIR, BALANCED AND UNDERSTANDABLE

For our stewardship reporting, we broadly seek to follow the following steps, whether for our risk management (LDI), fixed income, or other strategies:

1. **Understand our clients' reporting needs:** Requirements for stewardship reporting are defined by our clients and consultants, and regulatory frameworks that apply either to our clients or to Insight. We consult our clients and their advisers regularly on their specific needs, which may differ according to client type, geography and the solution or strategies in which they invest. We seek feedback using questionnaires and regular dialogue to guide us on areas that may support their portfolio and non-portfolio requirements, and this includes our reporting.
2. **Generate relevant reporting in a clear and relevant format:** 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 and priorities. This is supported by our reporting: all clients receive reporting in line with their stated monthly, quarterly or annual reporting requirements.

   Responsible investment is now a topic at most client meetings, and to reflect this significant interest, our reporting to clients may now include reporting on ESG factors, regardless of whether their mandate includes specific ESG exclusions, constraints or targets. Our in-house data sets mean Insight can support reporting against the following attributes: Insight's Prime corporate ESG, sovereign ESG and climate risk ratings; carbon footprinting; stewardship activity; positive impact; and impact bonds.

   Furthermore, this report provides an overview of our stewardship and responsible investment activities, including case studies and information on our processes, and is designed to guide our clients on how we approach responsible investment for the strategies in which they are invested.
3. **Review reporting (both the data and the format) internally:** Client and Compliance teams are involved in reviewing our report templates for clients, for which there is a clear regulatory requirement that such reports – including their stewardship information – are clear, fair and not misleading.
4. **Provide reporting to the client and their advisers, seeking feedback on whether and how it aligns to their needs:** We regularly engage with our clients and their advisers to ensure our reporting provides the information and transparency they require.

For more on how we engage with our clients, including our reporting, please **Section 6** on how we meet our clients' needs.

5.3 INSIGHT’S INTERNAL AND EXTERNAL RISK MANAGEMENT PROCESS FRAMEWORK

Insight has an independent risk management function that oversees and maintains the risk management framework. The primary purpose of the framework is to safeguard the integrity and assets both of Insight and its clients, whilst allowing sufficient operating freedom to meet the needs of clients and the scope of activities and services provided to them, directly and indirectly, through appropriate delegation.

Role and responsibility of the EMC and RMG

The Board is ultimately responsible and accountable for all elements of the risk management framework and strategy of the firm. The Board has delegated the management and implementation of the risk management framework and strategy to the EMC.

Role and responsibility of business line management (first line of defence)

The first line of defence encompasses the risk identification and control activities embedded within business processes.

Role and responsibility of the risk management and control functions (second line of defence)

A second line of defence is provided by the independent challenge, monitoring and reporting activities carried out by Insight’s Risk Management and Control Functions, in this case, primarily the Corporate Risk and Compliance Teams, which have independent reporting lines to BNY and within Insight report to the CRO. The EMC has delegated day to day operation of Insight’s risk management framework to the Corporate Risk Team.

Role of BNY internal audit (third line of defence) with respect to the Insight risk framework

Insight’s risk management activities are subject to internal audit inspection by a specialist team within BNY. Internal Audit is an independent, objective assurance function that reports directly to the Audit Committee of BNY’s Board of Directors. The Chief Audit Executive role reports directly to the Chairman of the Audit Committee of the Board of Directors. The internal audit function independently reviews, monitors and tests Insight’s compliance with risk policies and procedures and assesses the overall effectiveness of the risk and capital management frameworks.

It also provides assurance to the Insight Board on the effectiveness of the control framework in place, including the way the first and second lines of defence operate. The scope of work of Internal Audit is set independently of Insight and results of audits are also reported to the appropriate BNY and Insight committees.

[12] ESG integration is one part of the investment process, meaning that investment decisions are not based solely on an analysis of the financial implications of ESG factors but on the systematic and explicit use of these factors to identify risks and opportunities.

6 Client and beneficiary needs

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

Overview

	Key statements
Context	• Insight is entrusted with over £626bn of assets[13]. We provide a breakdown of our assets by investment type, client type, and geography. • We focus on risk management (including LDI strategies) and fixed income solutions, with 99% of our client base comprised of institutional asset owners; most of these assets are managed via segregated mandates rather than pooled funds. • Most of our assets relate to UK pension schemes with LDI mandates. These consist of bonds (UK gilts and high-quality corporate bonds), backing assets (cash and asset-backed securities) and derivatives in aiming to hedge interest rate and inflation risks, alongside other objectives.
Activity	• There are three principal ways in which we may partner with clients to build portfolios that align with their requirements: we may engage in dialogue with clients and their advisers, tailor our investment approach, and share information on the latest investment approaches. • Our activities include direct face-to-face engagement, where practicable, as we aim to partner with clients, their advisers and in some cases their sponsors. In addition, our extensive research helps us assess satisfaction and to respond to the specific feedback we receive.
Outcome	• We continued to develop our approaches in response to our clients' requirements. • We sought to identify areas for improvement to ensure we are succeeding in addressing our clients' needs. We participate in research studies with clients and their advisers each year to gain direct feedback on a variety of aspects of our activities. We face various challenges as we seek to fully understand our clients' requirements.

[13] As at 31 December 2024. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in GBP. Reflects the AUM of Insight, 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.

6.1 CONTEXT

Insight is one of the world's largest investment managers[14] responsible for over £626bn in assets.[15] The charts below provide a breakdown of these assets.

Notably, over 99% of our client base, based on assets, is institutional. Larger institutional clients may have internal teams who liaise directly with Insight teams, while many also have advisers (investment consultants) who work closely with them and with Insight to ensure we fully understand and fulfil our clients' requirements. With our institutional clients, we typically follow a programme of regular monthly, quarterly and/or annual meetings to maintain clear and open communication.

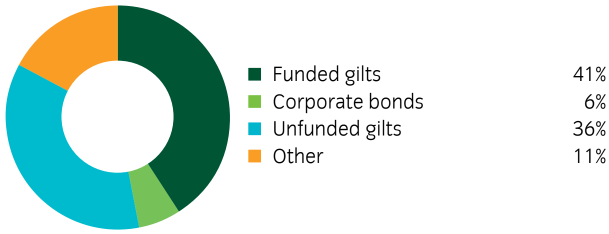
For institutional clients with segregated mandates, our clients' specific needs and expectations are reflected in an Investment Management Agreement (IMA) which sets out their requirements. A combination of Insight's internal controls and our clients' advisers serve to monitor Insight's activity and performance to ensure we are fulfilling our clients' needs as set out in the relevant IMA.

Because we focus on only what we believe we are best at, most of our assets are in risk management (c.60%) and fixed income (c.30%) strategies. Our risk management solutions largely consist of LDI mandates, which seek to manage pension schemes' liability risks – most of our LDI clients are UK pension schemes. These typically consist of:

- High-quality bonds (such as UK gilts and investment grade corporate bonds), used to hedge risks and generate potential for additional returns.
- Backing assets (including asset-backed securities and money market funds), used to generate potential for additional returns and convertible to cash to support collateral requirements for derivative positions.
- Derivatives (including interest rate swaps, inflation swaps, and bonds on repo) to hedge risks and provide synthetic exposure to markets.

The vast majority of liability-hedging exposure is currently provided through bonds. A breakdown of this exposure for Insight in the UK is shown in **Figure 6**.

Figure 6: Indicative asset-class breakdown of Insight's UK liability hedge exposure (£219bn)[16]



The fixed income strategies we manage for our clients are typically focused on single asset classes, including sovereign debt, corporate bonds and secured finance.

Our risk management and fixed income capabilities are therefore interrelated and complementary, with fixed income assets often key to building effective risk management solutions for our client base. Insight manages portfolios with exposure to:

- Short-term financial instruments (such as cash or money market strategies).
- Medium-term instruments (such as active fixed income and multi-asset strategies).
- Long-term financial exposures (such as LDI, and in fixed income, buy and maintain strategies).

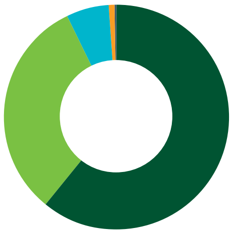
Our clients may seek bespoke mandates that meet their required time horizons which influences how portfolios are constructed and managed, including how we assess financial instruments or work with financial market participants.

Ultimately, most of Insight's clients are pension schemes with long-term liabilities, paying pensions to beneficiaries for decades into the future. Therefore, as a steward of our clients' assets, we must also take a long-term view to ensure we are able to meet those clients' needs both now and in the future. However, we are cognisant of the needs of our clients whose time horizons are shorter.

[14] Source: The world's largest 500 asset managers, October 2024, Thinking Ahead Institute. [15] As at 31 December 2024. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in GBP. Reflects the AUM of Insight, 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. [16] As at 31 December 2024. This information is indicative only. Exposure for leveraged mandates and AUM for fully funded LDI mandates for UK clients.

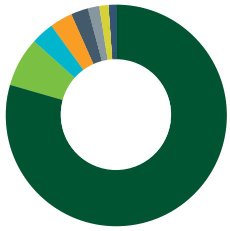
INSIGHT'S AUM[17]

By investment area



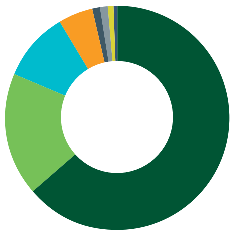
Risk management solutions	£381.3bn
Fixed income	£200.7bn
Currency management	£38.7bn
Multi-asset	£5.3bn
Other	£0.2bn

By client type



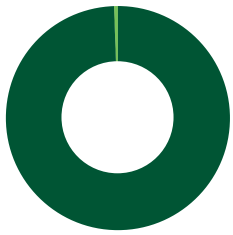
Pension	£498.3bn
Sovereign wealth/ government federal	£46.0bn
Insurance	£20.9bn
Financial institutions	£20.1bn
Wholesale (direct investment)	£16.1bn
Local authority/municipal	£9.9bn
Corporate (balance sheet)	£8.8bn
Other**	£6.1bn

By geography



UK	£399.7bn
North America	£110.9bn
Europe ex UK	£63.2bn
Australia and New Zealand	£31.1bn
Middle East and Africa	£7.0bn
Asia Pacific ex Japan	£6.6bn
Japan	£5.7bn
Rest of World*	£2.0bn

Institutional and retail



Institutional	£624.0bn
Retail	£2.2bn

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Our engagement with our clients aims to ensure we fully understand their needs, so that we can structure solutions to pursue their desired outcomes on their behalf.

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[17] As at 31 December 2024. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in GBP. Reflects the AUM of Insight, 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. * Bermuda, Botswana, Cayman Islands and Gibraltar. ** Includes: subadvisory, healthcare and not-for-profit organisations.

6.2 ACTIVITY

HOW INSIGHT ENGAGES WITH CLIENTS TO UNDERSTAND AND REFLECT THEIR NEEDS

Our engagement with our clients aims to ensure we fully understand their needs, so that we can structure solutions to pursue their desired outcomes on their behalf. This includes ensuring we are effective stewards of our clients' assets, with many of our clients expressing specific requirements as to how we manage their portfolios. Insight has several teams that collaborate to ensure we are serving clients effectively:

- **Client Solutions Group:** A team of 102 dedicated client solutions professionals, including Solutions Designers, Client Directors, Investment Specialists and Client Service Professionals.[18] Each institutional client will typically have named individuals from each team within the Client Solutions Group assigned to them. This allows for close and regular contact, with monthly, quarterly and/or annual meetings with many clients and/or their advisers to ensure we continue to fulfil and adapt to their needs.
- **Consultant Relations Team:** Our Consultant Relations Team of 12 dedicated specialists[19] conducts in-depth quarterly meetings with investment consultants, setting a firm foundation for ongoing communication, and works closely with our Client Solutions Group to ensure communications are consistent, comprehensive, and in line with clients' needs.

  Because most of Insight's business is intermediated by investment consultants, Insight's investment capabilities are subject to stringent and regular assessments by major consultant firms, comparing our offering with that of our competitors. This provides added assurance for our mutual clients that the quality of Insight's capabilities, controls and processes are effective and represent the best match for our clients' needs.
- **Investment teams:** Our investment teams are fully engaged with our client relationships, participating in client meetings and discussions, with named individuals in our 34-strong Financial Solutions Group (which focuses on risk management and LDI solutions), 164-strong Fixed Income Group, 21-strong Currency Team and/or our 14-strong Multi-Asset Strategy Group assigned to clients as appropriate.[20] Our Responsible Investment Team may also engage with clients where relevant (see **Section 2** for more information on the Responsible Investment Team).
- **BNY:** Insight sub-advises on a number of pooled funds distributed by BNY across EMEA, the US and Asia, which support relationships with wholesale clients through pooled fund platforms. BNY personnel also provide local knowledge and client service capabilities for institutional clients in geographies where Insight does not have dedicated local teams.

Our clients' needs are often communicated by their advisers, who also bear responsibility for ensuring that Insight fulfils its obligations.

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

- **First, we aim to engage in dialogue with clients and their advisers on all matters relating to our mandate with them including strategy, implementation, performance, sustainability and more.** We use this to guide us on areas that may support their portfolio and non-portfolio requirements. Clients are assigned specialists to manage the daily relationship; this team supports clients by proactively sharing ideas and information on their mandates, answering questions and engaging with our internal experts to service client requirements. Where relevant, we provide clients and their advisers with updated information on a quarterly basis to support their due-diligence efforts.
- **Second, we develop our capabilities and tailor our investment approach to align with each client's stated responsible investment policies.** We work closely with some clients to iterate solutions tailored specifically for their needs, and discuss frequently how our investment activities, such as our stewardship activities and approach to sustainability issues, align with our clients' values and priorities. 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 criteria, we have significant experience in implementing a wide range of bespoke portfolios and manage customised solutions with specific carbon targets, impact themes and exclusions lists. Given the nature of Insight's client base and assets under management, a distinguishing feature of Insight is our offering for many clients to create bespoke segregated portfolios (rather than using multi-client pooled funds) to meet their specific needs.

[18, 19, 20] As at 31 December 2024.

- **Third, we believe that constructive engagement with our clients through meetings, information-sharing and reporting helps better decision-making.** To support this activity, we house education content on central platforms for clients to access on a range of 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 between clients and the Insight team. We also publish a range of white papers and articles – we obtain feedback on these materials from our audiences through external research in order to assess readability and accessibility, and to ensure our communications are in line with our clients' needs. Our extensive responsible investment microsite (available here) also provides information on our activities.

This engagement is supported by our reporting: all clients receive reporting in line with their stated monthly, quarterly or annual reporting requirements, and it is a standard element of our client service to ensure our reporting provides the information and transparency required.

Responsible investment is a topic at most client meetings, and to reflect this significant interest, our reporting to clients may now include reporting on ESG factors, regardless of whether their mandate includes specific ESG exclusions, constraints or targets.

Our in-house data mean Insight can support reporting against the following attributes for select asset classes:

- ESG ratings
- Climate ratings
- Carbon metrics
- Stewardship activity
- Positive impact
- Implied temperature alignment
- Exclusion criteria reporting

This reporting will be provided in various ways, which may be tailored to meet clients' needs, including:

- periodic formal investment reports,
- tailored responsible investment reports,
- the supply of relevant engagement and/or ESG and climate risk data for specific reporting requirements (such as the PLSA's Carbon Emissions Template and the reporting template introduced by the ICSWG),
- at regular client meetings,
- at specific responsible investment-focused meetings,
- through monthly and quarterly articles and updates, and
- through our annual responsible investment report.

We also ensure we stay abreast of regulatory changes that impact our clients to ensure that we can provide the information that they require to meet their needs.

This report, which provides an overview of our stewardship and responsible investment activities, including case studies and information on our processes, is designed to guide our clients on how we approach responsible investment for the strategies in which they are invested.

On request, we can provide details of our assets under management across different types of responsible investment strategy.

Lastly, we share the results of annual assessment surveys in which we participate. We respond to numerous surveys throughout the year which provide a further opportunity for our key stakeholders to learn more about our approach.

EXAMPLES OF INSIGHT REFLECTING DIRECT CLIENT FEEDBACK IN OUR ACTIVITIES IN RISK MANAGEMENT AND FIXED INCOME SOLUTIONS

- **One of our large pension fund clients was keenly interested in our programme for engaging with counterparties.** The client was impressed with the breadth and depth of the programme but found it difficult on occasion to identify the areas of most interest and pertinence to them. The client asked us to consider how our reporting could be more focused to their arrangements and requirements.

  We worked closely with the client to determine a subset of counterparties to focus on more than others, in part reflecting those which the client typically had the most exposure to over time (and expectations going forward). This enabled the client to monitor all aspects of our engagements with those more significant counterparties; more detail on engagements was provided for those specific counterparties and any outcomes achieved were highlighted clearly in our tailored reporting.

  We also created high-level summary output, which has enabled the client to better track our progress through the wider engagement programme over time (e.g. how many counterparties had been engaged with by quarter-end, how many had received feedback reports, etc.). Aside from reporting, the client also regularly shares with us the responsible investment themes that are most important to them, and we take these into account when determining themes to focus on for each iteration of the counterparty engagement programme (alongside themes identified as important by other Insight clients).

- **An insurance client experienced challenges caused by the changing asset allocations in their investment in an Insight pooled fund and the impact this was having on their solvency capital position (as set by insurance regulations).** Changes in the underlying asset allocation affected both their absolute level of solvency as well as the volatility in their solvency position which made it difficult for them to plan how new monies should be invested.

  Our insurance specialists produced a detailed quarterly attribution analysis setting out the change in solvency capital requirements associated with the changes in asset allocation within the fund. This reporting has allowed our client to better understand the impact of recent allocation changes and also assess the likely future path of capital requirements based on the manager's outlook for different asset classes (and hence the potential future allocation changes over the next quarter). We have since provided similar analysis for some of our other insurance clients which has been well received.

- **Many investors, including UK defined benefit pension schemes, are seeking investments that not only offer the potential to generate attractive returns, but also offer sufficient liquidity to maintain their resilience or to provide cashflows to meet pension obligations.** To support such clients, Insight created a new share class for pooled funds focused on secured finance assets, such as asset-backed securities. This innovative share class aims to provide clients with valuable natural liquidity by distributing coupon income and maturity proceeds from assets in the funds as they mature.

  By distributing maturity payments, clients can incrementally realise their investments over time without the pressure of having to sell assets at potentially unfavourable times, thus avoiding the impact of the mark-to-market risk or transaction costs. This approach should increase the certainty of meeting clients' cashflow requirements.

- **Insight worked with a large global OCIO (Outsourced Chief Investment Officer) provider to develop a bespoke pension discount curve for measuring and hedging liability risk for large US defined benefit plan.** To support the OCIO, we first took the time to research and understand the methodologies underpinning the construction of the OCIO's existing liability discount curve. Insight's quantitative and solution design teams analysed around a dozen alternative approaches, using data from a variety of sources. We partnered closely with the OCIO throughout the process, and upon identifying an optimal approach explained the benefits and shortcomings of the OCIO's current approach relative to our proposal, which sought to achieve the OCIO's key objectives while improving the transparency and investability of the liability discount curve. Targeting implementation in early 2025, we anticipate better alignment between Insight and the OCIO, and being able deliver a superior LDI solution to the defined benefit plan.

- Insight worked with a US derivates overlay mandate on a solution to help the client deliver same-day cash to top-up supporting collateral for the interest rate overlay, while mitigating cash drag in the portfolio. Based on the client's preferences, Insight agreed to manage the mandate with a target collateral buffer level lower than Insight's standard level of collateral headroom. We also agreed to take a more proactive monitoring approach with the client, including routine dialogue and a weekly collateral sufficiency report.

PROTECTING CLIENTS' INTERESTS

In most areas of the business we do not have any formal limits on future asset growth, although this is an area that each business area monitors continuously. Our business has been built on a scalable platform and our policy is to resource ahead of growth by monitoring new business activity and future development plans against current resource levels and internal and external capacity constraints.

6.3 OUTCOME

HOW WE ASSESS OUR EFFECTIVENESS AT UNDERSTANDING AND REFLECTING OUR CLIENTS' NEEDS

Our primary focus as a business is on how we meet each client's specific requirements, and we seek to regularly confirm with them and their advisers whether and how we are meeting their specific requirements.

We also seek to identify areas for improvement to ensure we are succeeding in addressing our clients' needs. We participate in research studies with clients and their advisers to gain direct feedback on the relevant aspects of our activities. The details of these studies, and input from the participants, are debriefed to the EMC with actions identified and tracked to ensure that we directly address client and consultant feedback.

- **In our most recent client survey**, conducted in early 2024, 94% of the 233 global respondents said they would recommend Insight (with most other respondents expressing no view), and 91% or more of respondents rated Insight as excellent or good for meeting their investment objectives, interaction with their client director, interaction with our investment and solutions professionals, responsiveness to requests, and flexibility to meet their needs; and 96% agreed with the statement that Insight delivers on its promises. Of those asked to respond to the statement 'Insight consistently demonstrates high stewardship standards regarding my investments', 87% (130 respondents) agreed, with most of the remainder expressing no view. We repeat these global client surveys every other year.
- **Investment consultants rate Insight very highly:** In 2024, Insight was ranked in first place by UK investment consultants for Overall LDI Quality for the fourteenth consecutive year; and first for Fixed Income Overall Quality. Insight has been ranked first for Fixed Income Overall Quality in nine of the last 11 years.[21]
- **Institutional UK clients rate Insight very highly:** Coalition Greenwich undertakes research with UK institutional clients each year; in December 2024, Coalition Greenwich confirmed Insight as the sole Quality Leader for UK Investment Management Service for 2024.[22] In separate research conducted by Research in Finance, we also ranked first for highest average client service performance for 2024, based on responses from UK trustees, pension scheme managers and consultants collated between November 2024 and January 2025. This is the fourth year in a row that Insight has been ranked first. Insight was also noted as the most widely recognised specialist in fixed income investing in the same study.[23]
- **Leading global communications firm, Edelman, named Insight Investment as the number one brand in institutional investment management** in its Asset Management Brand Index 2024. Managers were ranked against a range of factors: corporate culture, strength of the investment team, rigour of firm's investment process, quality of its executive management team, awareness and distinctiveness.[24]
- **Insight was named Sustainable Corporate Bond Manager of the Year at the Professional Pensions Investment Awards 2024**. Insight's submission highlighted a range of initiatives including our customised reporting on sustainability and ESG metrics, our research on sustainability and fixed income, and our Prime net zero ratings for corporate issuers.[25]

In 2024, we made a range of improvements to help us serve our clients more effectively, based on the feedback we had been given. Regarding our responsible investment solutions, these included the following:

- **Converting pooled funds to align with reporting under EU SFDR Article 8:** Over 2024 we converted several pooled funds to align with SFDR Article 8. This recognises that the relevant investment processes promote environmental and

[21] Source: Coalition Greenwich 2024 UK Investment Consultant Research. 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. The Greenwich Quality Index Overall is a composite of Investment and Service scores.
[22] 2024 Greenwich Leaders: U.K. Institutional Investment Management, 11 December 2004, Coalition Greenwich.
[23] Research in Finance UK Institutional Market Study was conducted between 11 November 2024 and 27 January 2025 (Wave 10). 205 UK participants were surveyed, qualified as having a role in investment decision making. Question 'for the following aspects of client service, please categorise the manager as 'performs well', 'performs satisfactorily', 'does not perform well', 'not applicable' when considering the service provided. Total response to the question n=523; Insight Investment W10 n=60. Question 'which of the following specialisms would you associate with [investment manager]?', base W10 n=588 (all asset classes), Insight Investment W10 n=66 (fixed income).
[24] Edelman Asset Management Brand Index 2024. Asset Management Brand Index 2024 | Edelman Smithfield.
[25] 2024 Winners, Professional Pensions Investment Awards 2024.

social characteristics, and designating funds appropriately helps support our clients' decision-making.

- **Four Responsible Horizons strategies now embed net-zero targets:** To help investors pursuing clear sustainability outcomes from their portfolios, we have embedded net-zero targets within four of our Responsible Horizons strategies. These build on Insight's Prime net-zero alignment framework, which categorises companies according to their commitment to or alignment with net-zero principles (see **Section 7** for more information).

  The Responsible Horizons Euro Corporate Bond strategy, Responsible Horizons Multi-Sector Credit strategy, Responsible Horizons UK Corporate Bond strategy and Responsible Horizons Strategic Bond strategy now embed a net-zero by 2050 target. Each strategy has:

  – a minimum allocation to companies which are at least committed to a net-zero target, and
  – a specified carbon intensity level.
  – Investors in a specific strategy should consult the relevant documents for details of these changes.

Reflecting on the effectiveness of our approach to understanding client needs

While we seek to understand our clients' requirements and conduct proactive engagement and research to dig deeper into their objectives and requirements, we are aware of the challenges we face in doing so. We outline some of these below.

- **Clients are seeking greater input on appropriate goals:** Insight is primarily focused on delivering solutions to achieve clients' goals. However, on some issues – most notably stewardship – we have found that our clients are seeking more direction from Insight in what those goals should be, particularly as some priorities may conflict (such as a desire to minimise carbon emissions without changing a strategy's risk/return profile). Helping clients to define and understand their own needs requires specialist expertise and more proactive engagement.

- **Different regional and regulatory contexts drive different needs:** In our experience, different client groups have different priorities. For example, our US clients are typically focused on the risk/reward profile of their portfolios as an extension of their fiduciary duty, whereas our European clients are also requesting more input on how to achieve a positive environmental or social impact with their investments. Attitudes to some policies will differ widely, such as on whether exclusions for some industries or sectors (e.g., fossil fuels) are appropriate.

  Differing market structures mean that different approaches are necessary to ascertain a client's specific needs. In the UK, investment consultants advise the majority of institutional investors. In the US and Europe, many institutional investors have internal investment teams or prefer to liaise with investment managers directly, with investment consultants playing a different role.

- **Lack of standardised approaches to assessing quality and performance with regard to responsible investment and stewardship:** In our experience, there are a variety of approaches and criteria used to assess investment managers on how they manage ESG and stewardship issues; in particular, some approaches are not customised to reflect the specific challenges and opportunities in different asset classes. This is a fast-developing area, with multiple providers of data and new providers offering assurance on different aspects of stewardship and ESG-related investment.

  The rapid development of new approaches and changes in market conditions mean the focus of our research and client engagement needs to continually evolve, which can make it difficult for broader studies to capture the nuance of our clients' specific requirements.

- **Challenges in obtaining input from some audiences:** Our research studies, while targeting a broad client base, typically only receive responses from a minority of our clients. Our relationships are typically with institutional investors, and we have no direct means of understanding the needs and expectations of individual members served by those clients, such as pension fund members. Therefore, it is challenging to obtain feedback from underlying retail investors which are beneficiaries of a holding in our pooled funds (as we typically face the institutional investor).

Given the above factors, we are committed to further evolve our research and engagement to more fully capture the nuance of our clients' specific requirements. We will provide more information on these efforts in future reports.

7 Stewardship, investment and ESG integration

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

Overview

	Key statements
Context	• Insight aspires to integrate relevant ESG factors across mandates, where practicable, based on the relevance to the investment strategy and subject to the terms of our mandate with the underlying client. However, the integration of ESG factors within investment processes is highly dependent on the nature of specific mandates, strategies and/or asset classes. • We explain how our proprietary Prime ESG, climate risk ratings and net-zero alignment framework operate, and how they support the integration of relevant and material risk factors within our investment processes. • Our integration of ESG factors into our research aims to support our portfolio managers' investment decisions.
Activity and outcomes	• Insight integrates, where relevant, a consideration of ESG and stewardship factors across different asset classes and strategies to inform decisions regarding the acquisition, monitoring and disposal of investments. • We tailor our approach to reflect the different investment types we manage. Most of Insight's assets are in risk management (LDI) and fixed income strategies. We cover how we integrate stewardship and ESG factors within our processes and approaches to: – Fixed income (sovereign debt, corporate bonds, secured finance, municipal bonds, systematic fixed income, impact bonds) – Derivatives – Multi-asset – Custom portfolios with ESG-related objectives • We outline some of the outcomes of our activity, but also refer readers to **Section 9**, where we provide examples of our engagement to inform our decisions regarding the acquisition, monitoring and disposal of investments. • We explain the stewardship criteria we set for our service providers, including material ESG issues.

7.1 CONTEXT

Insight's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. Stewardship is central to our beliefs around how good investing should be carried out.

Our approach is underpinned by the belief that ESG issues can be important drivers of investment risk – at both an idiosyncratic and a systemic level. Environmental risks – such as natural disasters, weather patterns and climate change – can all have a significant effect on a company or a country's economic and political outlook. Climate change in particular is far-reaching in its long-term implications for the broader financial market and so is of particular relevance for our clients, many of whom have long-term objectives. Social factors, such as labour dynamics across the supply chain or demographic changes, can materially shift investors' perceptions. Governance factors ranging from the quality of institutional frameworks to respect for the rule of law can materially influence investment performance.

Integrating ESG factors into fundamental investment research and engaging with stakeholders are therefore essential to effectively managing portfolio risk in specific asset classes. Understanding relevant underlying material risks is essential to help us decide whether an investment is over or under-priced or fair value.

From an investment perspective, we believe investing responsibly means seeking to take material and relevant risks into account, including ESG factors, when making decisions regarding the acquisition, monitoring and disposal of investments. Our integration of ESG factors into our research aims to directly support our acquisition, monitoring and disposal decisions by making sure our investment analysts and portfolio managers have accurate information through our proprietary Prime ESG ratings and in-house research.

To this end, we aspire to integrate relevant ESG factors across mandates, where practicable, based on the relevance to the investment strategy and subject to the terms of our mandate with the underlying client. This integration takes place regardless of whether such mandates include specific ESG exclusions, constraints or targets and is underpinned by a belief that delivering superior investment solutions can depend on the effective management of the risks and opportunities presented by a range of factors, often including those typically categorised as ESG.

However, the way that integration manifests depends on the nature of the mandates in question. As Insight's business has grown, we have developed or acquired a broad range of strategies which necessitates a pluralism in our approach to effective integration. For example:

- For our systematic fixed income strategies, integration is portfolio-dependent and rules-based, and largely dependent on exclusionary and tilting processes – engagement is not part of the toolkit for these mandates as there is limited fundamental analysis within the investment process for these strategies.
- For our municipal bond strategies, engagements are predominantly focused on non-ESG topics. However, we developed new ESG metrics relevant to our strategies in 2023.
- For many of our LDI mandates, while we follow a process which integrates ESG factors where they are relevant (e.g., in counterparty selection or at an underlying asset-class level where relevant), ESG factors rarely drive the underlying investment process as our clients typically instruct Insight to invest in line with a specified benchmark, leaving limited capacity to deviate in terms of instrument selection.
- Some asset classes or strategies including currency hedging and certain derivative strategies fall outside of the scope of ESG integration currently – typically due to a lack of data or relevance of ESG factors to the investment case.
- Where more traditional fundamental analysis is conducted (e.g. in corporate credit or sovereign debt strategies), generally a deeper integration is possible, but nuances in data availability and the applicability to the investment case means integration varies by asset class and sometimes even within an asset class.

The approaches we outline below are relevant for our discretionary-managed mandates, which still account for the majority of our assets under management.

SUPPORTING INSIGHT'S INTEGRATION PROCESS – INSIGHT'S PROPRIETARY ESG RATINGS: PRIME

Insight is focused on precision investment and risk management to help our clients achieve their goals. Information on material ESG risks can be crucial for effective investment decisions, but ESG data providers often disagree, and there are gaps in available information. ESG providers are also often equity-centric in their views.

We decided to apply our experience in analysing ESG risks in taking data from multiple inputs, selected and adjusted for relevance and materiality using our in-house expertise, to generate our own ESG ratings that we believe more accurately and reliably reflect material risks for our asset classes.

This led us to create Prime: Insight's proprietary ESG ratings, with ESG and climate risk ratings, and now net-zero alignment categorisation, focused on corporate issuers; and ESG risk and impact ratings for sovereign issuers.

Prime ratings are generated using inputs from numerous ESG data providers, adjusted for quality and relevance by Insight's credit and data experts. Our proprietary methodology aggregates, weights and maps these adjusted inputs, according to their significance for different sectors, geographies, etc. Proprietary systems are in place to feed through Prime data, in a consistent way, with the aim of helping our analysts and portfolio managers consider material ESG risks, informing their decision-making and engagement, and to enable tailored portfolios for clients requesting specific sustainability criteria.

Our four sets of Prime ratings are as follows, and we provide more details and describe their relevance in the following sections.

- **Prime corporate ESG ratings:** First launched in 2019 and enhanced most recently in 2022, our Prime corporate ESG ratings tool assesses issuers' ESG risk. This quantitative framework effectively integrates our analysts' materiality assessments, supplemented with data from multiple third-party data providers. The tool generates a Prime ESG rating and Prime ESG momentum signal for more than 3,100 investment grade, high-yield and emerging market issuers.
- **Prime climate risk ratings:** First launched in 2017 and enhanced most recently in 2022, the Prime climate risk ratings are structured around the TCFD framework and use physical and transition risk analysis to generate a precise comparison of over 18,200 issuers using raw data.
- **Prime sovereign risk and impact ratings:** First launched in 2018 and enhanced most recently in 2022, the Prime sovereign ESG framework is a quantitative proprietary assessment of more than 120 countries' sustainability performance, focusing on ESG risks and countries' alignment with the UN Sustainable Development Goals (SDGs). Overall and momentum scores capture performance using open-source data inputs.
- **Prime net-zero ratings for corporates:** First launched in 2023, to help our clients seeking to invest in line with net-zero goals, Insight created the Prime net zero ratings for corporates to categorise corporate issuers according to the extent of their commitment to and alignment with achieving net zero by 2050.

7.2 ACTIVITY AND OUTCOMES

In this section we explain how Insight seeks to integrate ESG factors across different asset classes and strategies to inform decisions regarding the acquisition, monitoring and disposal of investments. We also explain insight's proprietary Prime ESG and climate risk ratings, which support this integration, in different ways, across our business.

At Insight, our investment research incorporates ESG issues and we look to engage on issues deemed sufficiently material where possible. We provide more information on how we engage across our strategies in **Section 9**.

We also engage with regulators and policymakers to encourage market reforms that deliver greater security for investments and that reduce opacity or vulnerabilities in financial markets. Efforts to develop and implement policy measures to manage and mitigate systemic risks to society and to the environment are discussed in **Section 4**.

Insight portfolios include instruments with short, medium and long-term exposures. Ultimately, most of Insight's clients are pension schemes with long-term liabilities, paying pensions decades into the future. Therefore, as a steward of our clients' assets, we must also take a long-term view to ensure we are able to meet those clients' needs both now and in the future.

HOW OUR CAPABILITIES WORK TOGETHER

The majority of Insight's AUM is focused on risk management (LDI) strategies. These typically consist of:

- high-quality bonds (such as UK gilts and investment grade corporate bonds), used to hedge risks and generate potential for returns;
- backing assets (such as asset-backed securities and cash), used as collateral to fund derivative exposures; and
- derivatives (such as interest rate and inflation swaps), used to hedge risks and provide synthetic exposure to markets.

The fixed income strategies we manage for our clients are typically focused on single asset classes, including sovereign debt, corporate bonds and secured finance. Our multi-asset strategy invests in equity, fixed income and other markets, with some of this exposure being via derivatives.

In this section we outline how our different investment processes seek to integrate ESG factors, where possible and relevant, in the following sub-sections.

- Fixed income
  – Sovereign debt (including gilts)
  – Corporate bonds (including cash)
  – Secured finance (including asset-backed securities)
  – US municipal bonds
  – Systematic fixed income
  – Impact bonds (use-of-proceeds bonds)
  – Impact issuers
- Derivatives
- Multi-asset
- Custom ESG portfolios

As outlined in **Section 7.1** above, integration for these strategies is set out below.

FIXED INCOME

Sovereign debt

UK government bonds (gilts)

Insight's risk management strategies, most of which can be classed as LDI strategies, account for c.60% of Insight's assets. Most of these strategies are managed for pension schemes with liabilities extending decades into the future. Mandate structures typically consist of liability benchmarks discounted using a gilt-based discount rate, which requires the use of gilts as the core hedging instrument. While ESG ratings for gilts are available to portfolio managers, ESG factors rarely drive instrument selection due to the restrictive nature of the opportunity set. However, the concentration of holdings in a single asset type, and the size of the holdings we manage on behalf of our combined client base, mean that we have a unique engagement opportunity set as an asset manager.

As one of the largest buyers of UK gilts, on behalf of our clients, regular dialogue and engagement with the UK Debt Management Office (DMO) is a significant activity that Insight undertakes. We attend quarterly meetings alongside other investment managers to share our views, alongside ad-hoc meetings to discuss specific topics of interest to our clients. We have also engaged extensively around specific issuances (e.g., green gilts), providing feedback on best practice and design of the programme in terms of investor expectations.

Global sovereign bonds

For all sovereigns in the investable universe, Insight measures the ESG risk and impact of sovereign issuers. For such investments, we have developed our proprietary Prime sovereign ESG framework which aims to highlight the key ESG risks and impact outcomes that investors in sovereign debt may look to consider.

The framework is integrated within Insight's sovereign debt investment process and aims to help our sovereign analysts and portfolio managers consider material ESG risks in their investment decisions and to identify potential issues for constructive dialogue with sovereign debt issuers.

The framework rests on two distinct pillars: the Prime sovereign ESG risk ratings and the Prime sovereign ESG impact ratings. The risk ratings, introduced in 2018, focus on ESG factors that have relevance to debt repayment and credit metrics, while the impact ratings, introduced in 2021, focus on ESG factors related to the all-round good governance and sustainable development of a country.

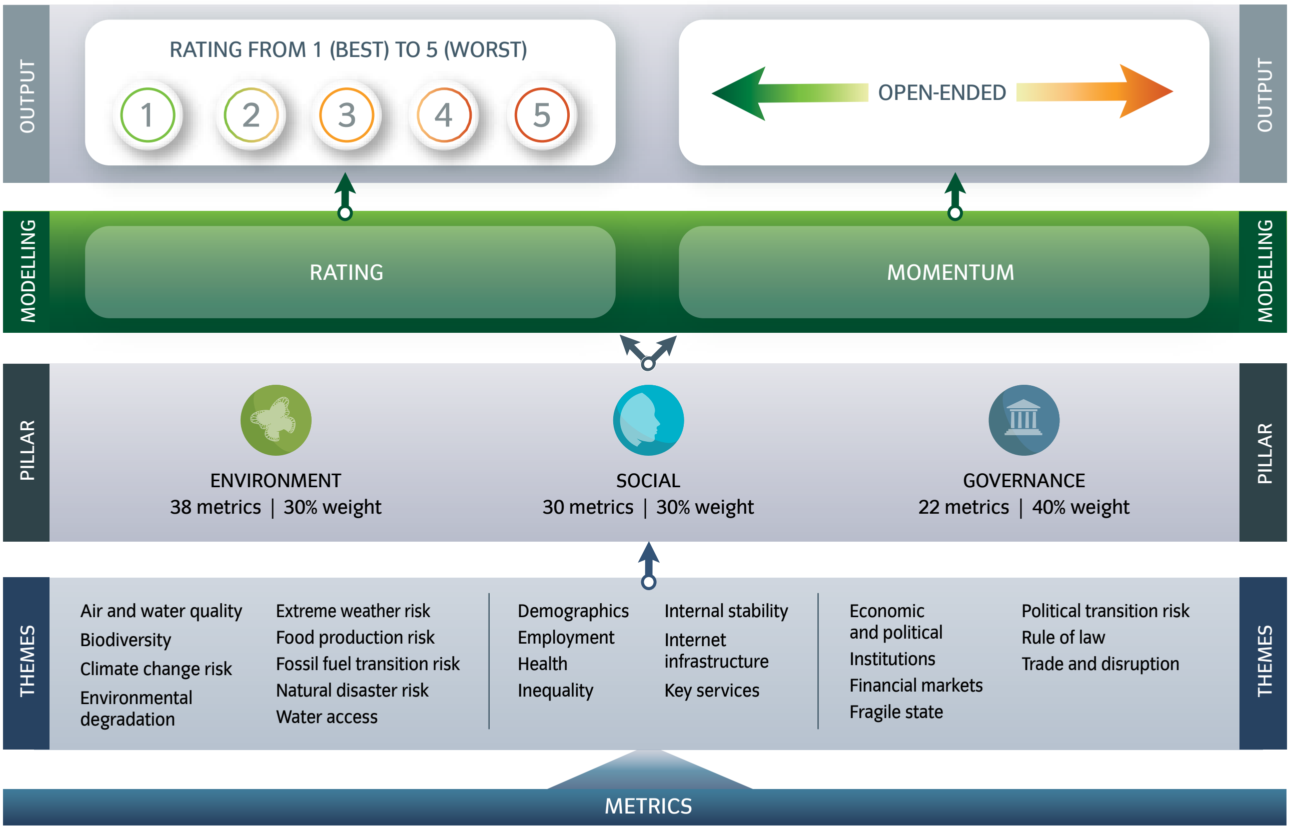
The tools use data from numerous sources, selected for quality, integrity and coverage, by Insight's credit, ESG and data experts. Separate risk and impact measures allow for greater flexibility and application as a portfolio management tool. The measures can be used to tailor portfolios to client preferences, allowing for a greater focus on impact and sustainability if required.

The Prime sovereign ESG risk framework reflects a quantitative measure of a country's ESG risk performance, incorporating data from 126 countries and 90 metrics, across ESG pillars, as illustrated in the graphic overleaf.

This data is used to generate two ESG risk ratings for each country: an overall ESG risk rating and an ESG risk momentum score.

- The overall ESG risk rating incorporates ESG factors that determine a country's ability or willingness to repay debt over a 30-year timeframe.
- The ESG risk momentum score provides an indication of a country's improvement or deterioration regarding ESG factors.

Figure 7: The Prime sovereign ESG risk framework



We believe ESG factors can be material but the tools to identify and consider those risks are not well-established and historically have been difficult to integrate within existing investment-risk processes. Using this framework, we are integrating ESG factors directly into the risk and valuation tools that inform our decisions regarding the acquisition, monitoring and disposal of investments, and complement our existing country valuation and risk processes.

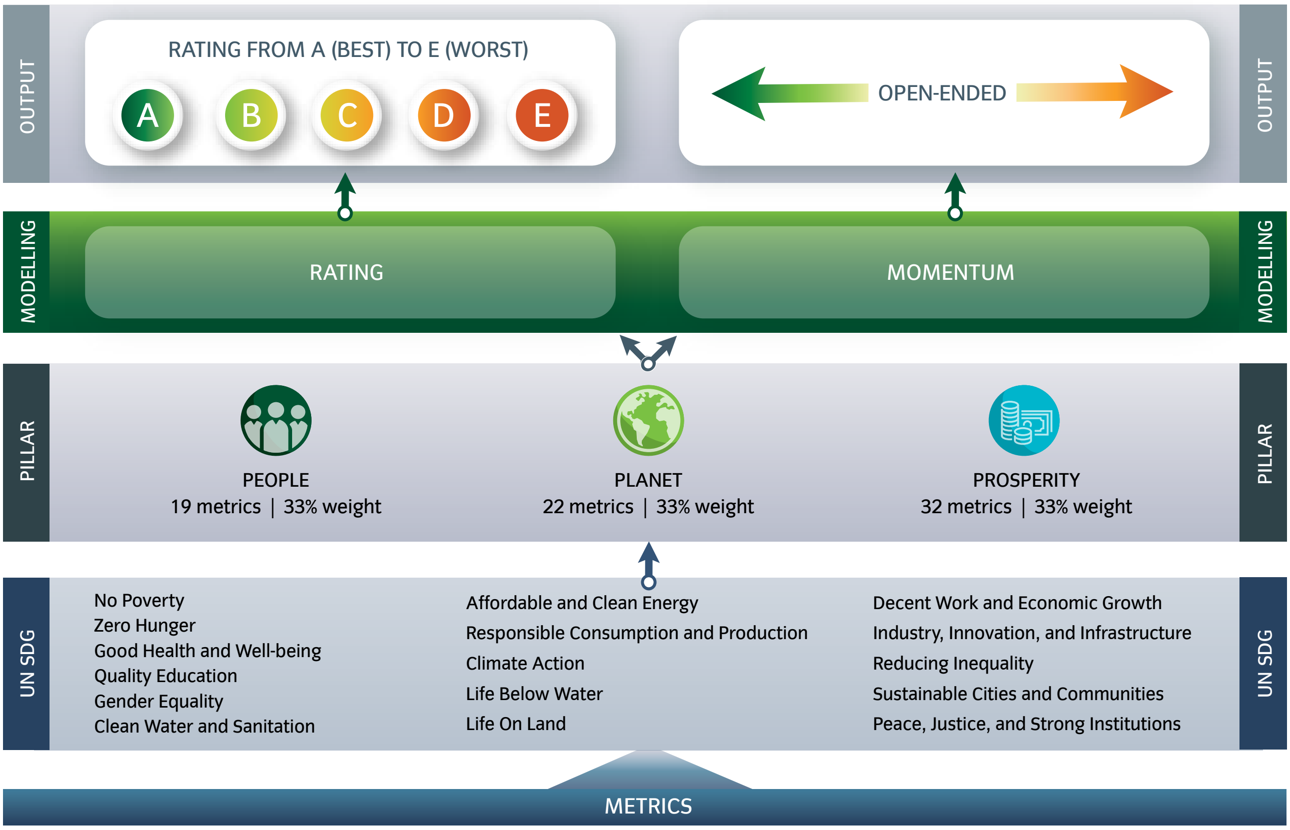
The Prime sovereign ESG impact framework sources metrics from the World Bank's Sovereign ESG portal. This database comprises 73 metrics, each of which is aligned with the UN SDGs.

Insight has aligned the ESG impact framework with the SDGs because they form an internationally recognised framework, with quantifiable targets that can be measured and evaluated, and that can provide a platform for qualitative engagement with issuers. The framework covers 126 countries covering 73 metrics that have been screened for quality and suitability based on data coverage, relevance for impact and measurability.

As with the ESG risk framework, the ESG impact framework generates two impact measures for each country: an overall ESG impact rating and an ESG impact momentum score.

- The overall ESG impact rating, from A to E, provides a current snapshot of a country's performance regarding ESG factors aligned with the UN SDGs. This rating can help to differentiate between those countries most likely to achieve the UN SDG targets, and those at risk of failing to do so.
- The ESG impact momentum score provides an indication of a country's improvement or deterioration regarding those ESG factors over a five-year period. This can help to identify how countries' impact performance is evolving over time. Like the risk framework, we look to describe a country's direction of travel over time, depending on their momentum score. This can help to identify whether countries are progressing or regressing in terms sustainable development over time.

Figure 8: The Prime sovereign ESG impact framework



Insight integrates the measures generated by the framework within our research. It is used in four principal ways:

- To expand the scope of our existing risk processes: When making investment decisions regarding sovereign debt, and other related debt such as issues from state- owned enterprises where the sovereign is effectively the backing entity, identifying changes in economic conditions and the risk profile of the relevant country are key. ESG indicators can provide another angle on economic and other matters.
- To guide the management of client-specific portfolios with ESG guidelines: We manage strategies for clients that specify that the overall ESG rating of portfolio holdings must exceed (be better than) that of the relevant benchmark. The ratings enable us to exclude or focus on issuers according to their exposure to and management of ESG factors.
- To support reporting to clients on ESG-specific factors: The ratings enable the potential to demonstrate how sovereign debt portfolios perform from an ESG risk and impact perspective, either on a standalone basis or relative to a benchmark.
- To indicate issues for dialogue: Our ratings may be used to identify and prioritise matters to address with sovereign issuers.

New for 2025

In early 2025, the Prime sovereign ESG ratings will be superseded by ratings from a third-party data provider, which we deem to be broadly equivalent and to achieve the same goals as the Prime ratings.

Corporate bonds

Insight invests in a broad range of corporate debt and seeks to integrate analysis of relevant and material ESG risks across the different asset classes on which we focus.

We would highlight that this process, and the ESG inputs described, are used by most of the corporate fixed income teams at Insight. However, there are exceptions, as outlined in **Section 7.1**.

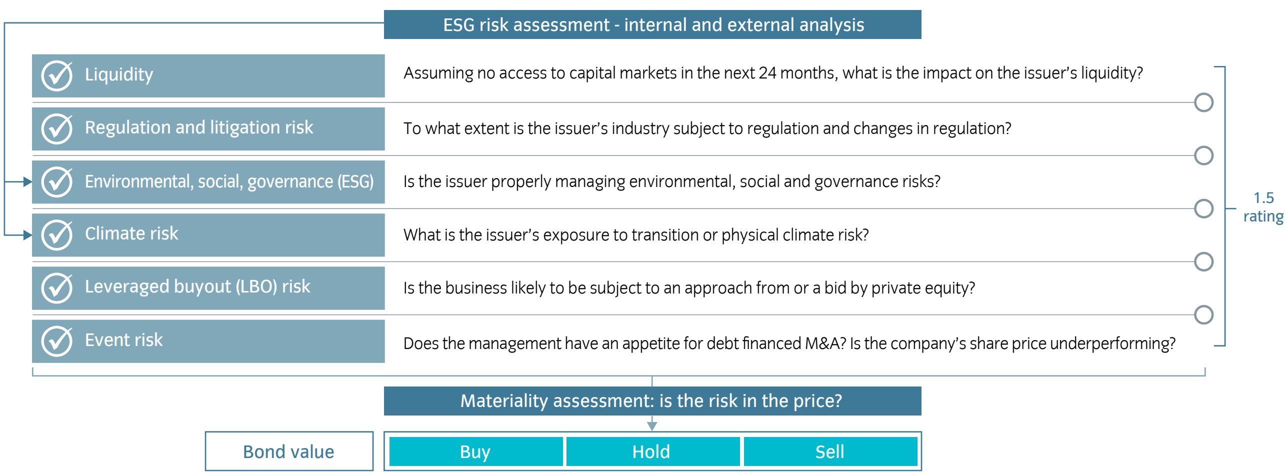
Integrating material ESG factors in research processes and engaging with companies to improve on issues identified is essential to effectively manage portfolio risk and fulfil our stewardship obligations.

We use our proprietary Prime ESG and climate risk ratings to identify risks for individual issuers and may choose to engage with issuers to actively encourage them to improve their practices. An in-depth understanding of these risks and outcomes of any engagement we have with an issuer are key steps in making the right investment decision.

A crucial step in our fundamental analysis is avoiding default and minimising default risk in portfolios. This is specifically built into our corporate credit investment process through the application of what we term the landmine checklist: i.e. those things that can cause a sudden, unexpected deterioration in an issuer's credit quality. The checklist is illustrated below. The checklist includes ESG risks and climate risk.

To assist with our governance assessment and how a company's management team responds to environmental and social issues, we use our proprietary, risk-centric Prime corporate ESG ratings. Prime corporate ESG ratings are based on separate environmental, social and governance ratings, which in turn rest on 35 separate scores for a wide range of key ESG issues, as shown in Figure 10 overleaf.

Figure 9: Insight's landmine checklist



This framework integrates our analysts' judgements with data from multiple third-party data providers, which include MSCI, Sustainalytics and CDP, to generate an ESG rating and momentum signal.

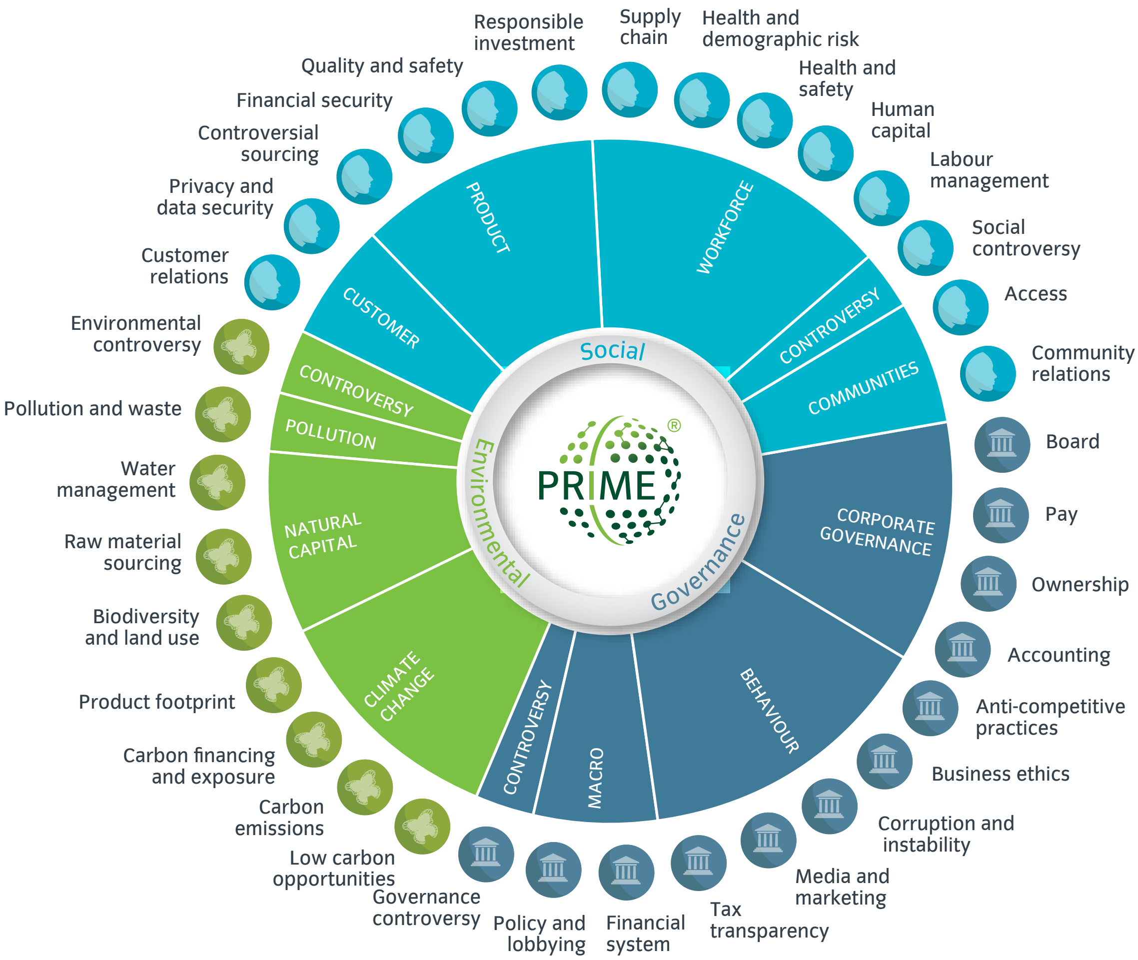
- The **Prime corporate ESG rating** is designed to indicate an issuer's performance relative to its peers. We calculate each issuer's percentile based on the raw ESG ratings within each Global Industry Classification Standard industry group, and assign an ESG rating between 1 and 5, to be consistent with the scoring methodology used in our credit landmine checklist.
- The **Prime corporate ESG momentum signal** considers the most recent five years of headline ESG scores and determines an average year-on-year change, weighted towards the most recent data. Based on this data, a momentum score from -2 to 2 is assigned.

Areas of weakness and controversies identified in the ESG rating outputs may be explored with the issuer's management team if considered by analysts to be relevant. Where there are gaps in external data coverage or where analysts are unable to glean sufficient information from the data sources available to them to judge the quality of an issuer's ESG profile, we look to send our proprietary, in-house survey to harvest specific data points and to generate an ESG rating. This enables us not only to internally score the issuer but also highlights to the issuer's management team the importance we attach to ESG considerations.

Our analysts can access our Prime ratings through a Tableau-based tool, which visualises the key ESG issues affecting individual corporate issuers. This aims to help our analysts understand the main drivers of weak or strong ESG ratings.

This brings together Insight's own ESG data points, supplemented with data from third parties. Tableau collates, in one screen, other rating providers' scores as well as our own analysis. This provides portfolio managers and analysts with a straightforward way to understand the overall materiality of these risks and why the underlying criteria have generated the score. This allows us to derive a better understanding of the key factors influencing Insight's scores and weightings. We refer to Tableau when we are finalising Insight's ESG rating (considering the norms for the industry).

Figure 10: The Prime corporate ESG risk framework



In terms of environmental factors, our Prime corporate ESG ratings methodology provides all analysts with sector-specific and issuer-specific information on key issues. This tool helps us to identify key environmental risks that a specific sector or issuer may face. We use this information as part of our credit risk analysis to decide whether we are being adequately compensated for the risk and to identify key issues to engage with issuers on. Climate-related risks associated with issuers in which we invest form an inherent part of our ESG ratings methodology. ESG ratings are available to all portfolio managers via systems and are integrated across relevant asset classes as part of the investment process. Alongside this, the portfolio management system also contains certain carbon data points on companies, including the carbon intensity of the individual issuers we invest in, and flags for material exposure to environmentally unsustainable activities such as coal mining, coal power generation and unconventional oil and gas extraction, enabling our portfolio managers to access this information should they need to implement more stringent carbon restrictions on portfolios. Many of our portfolios have climate-specific objectives associated with them, which can include reducing exposure to high carbon intensive companies and reducing exposure to the lowest rated companies within a particular sector, as well as screening for, and removing, issuers materially exposed to unsustainable environmental activities.

Prime net-zero ratings for corporates

Beyond merely considering climate risks as part of their core investment approach, some of our clients are looking to pursue net-zero targets. To help our clients invest in line with their net-zero goals, Insight created ratings to categorise corporate issuers according to the extent of their commitment to and alignment with achieving net zero by 2050.

The ratings enable dedicated solutions and portfolios with specific parameters to ensure investments are aligned with net-zero goals, for clients seeking such strategies. Our portfolio managers and analysts may use the Prime net zero ratings to inform their engagements with corporate issuers, in line with commitments set out alongside relevant investment strategies, and Insight's net-zero pledge.

The ratings comprise the output of two independent assessments:

- **What is the materiality of achieving net zero for the issuer?**
  In assessing materiality, we recognise that not all sectors have high carbon intensities, meaning some issuers will have higher hurdles to achieving a good net-zero framework rating than others. The materiality metric seeks to formally separate issuers into three groups: high impact sectors, material sectors, and less material sectors.
- **What is the maturity of the issuer with respect to achieving net zero?**
  In assessing maturity, we use 10 criteria defined by the IIGCC covering longer-term ambitions, shorter-term targets, decarbonisation strategy and disclosure.

Based on these assessments, corporates are assigned one of the following five ratings:

- Not aligned
- Committed
- Aligning
- Aligned
- Achieving

INTEGRATION IN ACTION

CASE STUDY: Evaluating the social and governance risk of a capital goods company

Background: This issuer has had several product quality and safety failings which have caused concern around the company's governance. These failings have been rated as 'Very Severe' by MSCI, leading to a controversy score of 1. MSCI has rated the company's role in the controversies as 'non-structural' (i.e., indirect), but we believe the company's role was direct and caused by underlying problems at the company. Under MSCI's framework, if the issuer's role was direct, these controversies would be rated zero, indicating a violation of UN Global Compact principles. Furthermore, the MSCI risk-management score for the issuer in relation to product safety and quality – one of the most material issues for its industry – is zero. The issuer therefore lags peers significantly.

Due to significant reputational risks identified with the company, we considered notching the issuer's Insight Prime ESG rating from 4 to 5 (the worst possible rating).

Outcome: The issuer was escalated to Insight's Ratings and Exclusions Group (REG). The Group approved the decision to notch down the company's Prime ESG risk score due to the potential financial materiality of the risks presented. Insight subsequently sold holdings in the company in all funds aligned with EU SFDR Article 8 due to the worst-in-class Prime rating and the company failing Good Governance principles. We also exited positions in portfolios where we deemed the materiality of these risks to be high and not priced into the valuation of the bonds.

Money market strategies

Our clients in Europe increasingly expect a baseline level of sustainability characteristics to be incorporated into their investment products. We reflect this in three money market strategies managed to align with the EU SFDR Article 8. Through these strategies we seek to analyse material ESG risks and to encourage better practice with regard to high-profile ESG issues.

For these strategies, we monitor and analyse ESG ratings and risks within our investment universe and exclude the worst-rated performers using Prime ESG ratings.

Our approach specifically excludes investments directly involved in the production of tobacco and fossil fuels. We continue to exclude defence. The money market instruments in which we invest for these strategies are typically A1/A1+ rated, so ESG risks typically have less material impact relative to lower-rated fixed income investments.

Since 2022, the money market strategies formally exclude issuers without an Insight Prime ESG rating; issuers with the worst possible Prime ESG rating; and issuers with material involvement in a range of controversial sectors, including fossil fuel power generation and tobacco production. In our view, these features have not impaired their security, liquidity or yield. There has been no material impact on the portfolios' performance since implementing these changes.

As a result of these features, the relevant pooled funds are classified as Article 8 under SFDR.

Secured finance

We consider ESG factors as part of the fundamental analysis undertaken on both the originators and, where applicable and possible, the underlying collateral. This analysis forms an integral part of our decision-making process and includes detailed due diligence on the originators.

In undertaking our fundamental assessment, we examine the list of individual holdings and potential exposure to sectors, countries or issuers that may indicate ESG risks. As part of this, if a sponsor scores poorly, it would be unlikely to be recommended for investment.

For any direct lending, we assess each deal on ESG risks to which they are exposed, the materiality of these factors and how borrowers manage them. If a borrower does not provide adequate information, we decline the loan.

We break the secured finance asset class into three broad segments: **residential and consumer, commercial real estate and secured corporate**. The underlying ESG analysis that is possible will vary between each sector given the different nature of the underlying collateral. The following schematic is an overview of the ESG considerations we incorporate into our analysis of the secured finance market segment.

Figure 11: ESG considerations in Insight's secured finance analysis

	RESIDENTIAL AND CONSUMER	COMMERCIAL	SECURED CORPORATES
ENVIRONMENTAL	• Energy efficient buildings • Electric vehicles in auto sector	• Energy efficiency may be positive for property values • Corporate team analyse key tenants	• Analyse each underlying loan, including; carbon emissions, raw material sourcing and waste
SOCIAL	• Strong consumer protection practices • Appropriate arrears/ default process	• Property usage (limited control) • Corporate credit analyst team analyse key tenants against ESG criteria	• Analyse each underlying loan, including: labour practices, safety and data security
GOVERNANCE	• Strong underwriting process • Quality of collateral info • Originator's risk process • Back-up servicing arrangements • Sponsor equity (risk retention)	• Sponsor business plan/ spending covenants • Back-up servicing agent outlined • Sponsor analysis • Sponsor equity (risk retention)	• Collateralised loan obligation (CLO) manager ESG process • CLO manager investment process and governance structure • Key-man risk • Sponsor equity (risk retention)

Insight's approach to ESG analysis within secured finance and ABS is continually evolving. Although many of the above areas have been part of our investment process since the strategy began in 2007 (such as the analysis of the underwriting process or risk retention) there are several areas in which ESG data is not initially provided by the issuer as part of the standard collateral information.

Insight is engaging with issuers to improve their information provision. To provide greater structure and rigour to our ESG analysis, we have devised a proprietary questionnaire that covers four areas and includes environmental, social, corporate and product governance-related questions, as illustrated in Figure 12.

Figure 12: Questions within Insight's proprietary questionnaires focused on secured finance assets

ENVIRONMENT

Availability and disclosure of environmental metrics
Building energy efficiency and environmental stress testing
Impact of environment regulations on loan recipients measured?
Carbon impact part of origination practices?

SOCIAL

Affordability checks account for socio-economic circumstances?
Have inadequate practices led to legal proceedings?
Consumer practices for arrears and foreclosures
Frequency of defaults/foreclosures

CORPORATE GOVERNANCE

Board independence and diversity
CEO pay structure
Independence of risk and audit committees
Separation of Chair and CEO roles

PRODUCT GOVERNANCE

Origination team's compensation structure
Comparison of origination process against industry standards
Do affordability checks include change of borrower circumstances?
Are lending policies reviewed regularly?

We currently use proprietary questionnaires for auto loans, credit cards, residential property, commercial property and collateralised loan obligations (CLOs). We plan to compare results over time to understand how the market is evolving and to foster a culture of transparency within the secured finance space.

We believe it is important to understand and assess the ESG risks and their materiality to the performance of the bonds. This analysis is principally conducted as new issuers and bonds are introduced into our portfolios, but we do proactively monitor our investment positions and as part of our engagement activities, analysts seek to understand whether changes are material and how effectively they are being handled by the sponsor's management.

If we believe there have been material changes to our underlying assumptions post-investment, then these factors will be taken into consideration on review. We would run our proprietary processes again with these new assumptions to assess whether our current holding is appropriate. Older ESG ratings may be flagged in our system and will be refreshed if considered necessary by the team.

ESG analysis of underlying collateral is complicated by the nature of the asset class; special purpose vehicles (SPVs) are often not discrete – for example, the mortgages within an SPV can change over time and so the ESG score for the security can vary as the environmental quality of the houses within a given collateral pool changes.

Whilst the scope of applying ESG criteria is more limited in the context of secured finance than in the context of corporate credit, ESG factors are part of the fundamental analysis undertaken on originators, which is important to the decision-making process. Understanding material underlying risks is essential in helping us to decide how to price opportunities and to determine whether we will be adequately compensated, when making investment decisions.

Activity in 2024

In response to the lack of ESG data available on secured finance issuers, we developed proprietary scorecards for a range of sectors in both public and private markets, that cover material environmental, social, corporate and product governance-related issues. The various scorecards address the ESG considerations relevant to that specific securitisation asset class. We transitioned to the scorecards in 2024 from issuer questionnaires.

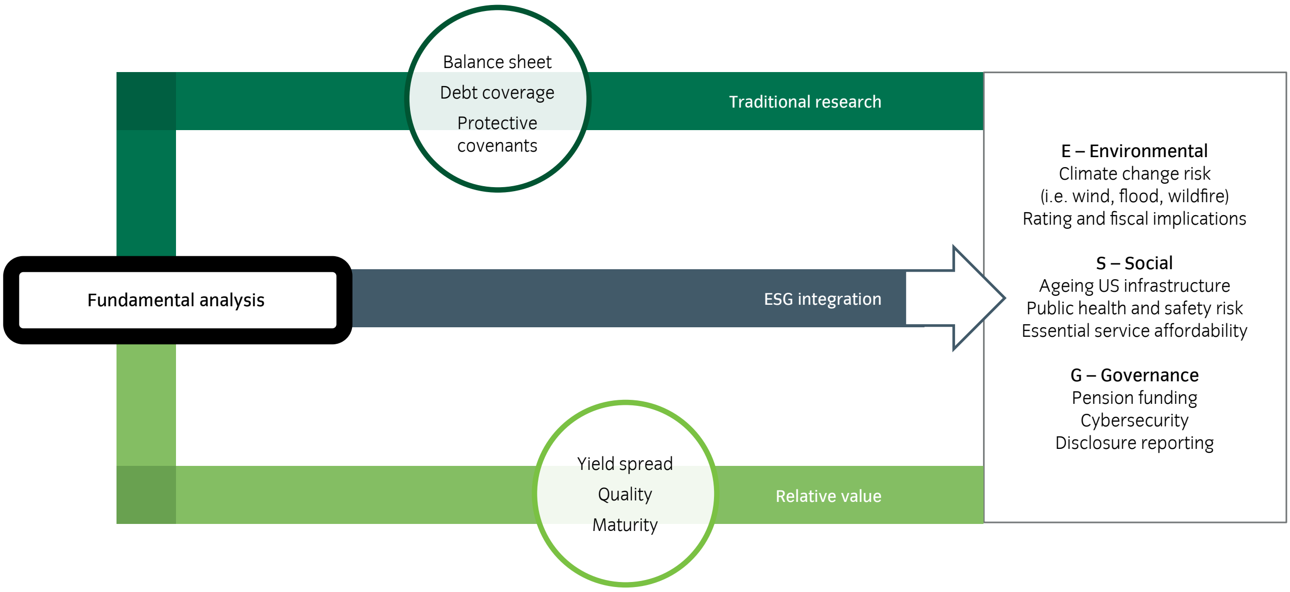
A key initiative to support the development of ESG data in the asset class is our effort to encourage the wider industry to drive change. We are working towards greater reporting transparency, providing regular ESG updates and case studies to clients. We have also developed an in-house framework for analysis of the carbon footprint of UK RMBS portfolios, which we rolled out for reporting purposes in 2023 to enable clients to understand the carbon exposure of these portfolios and in turn fulfil some of their own TCFD reporting requirements.

In 2024, we developed a framework for analysis of the carbon footprint of European CLOs which will be available for client reporting in 2025. Our calculation methodology uses underlying industry sectors within each CLO transaction combined with data from third-party data sources on average carbon footprint per industrial sector to estimate a carbon footprint for each bond.

More information on these efforts is provided in **Section 9**.

US MUNICIPAL BONDS

For our US municipal bond strategies, Insight considers financially relevant ESG criteria as part of our fundamental credit analysis. Our ESG rating framework for these strategies seeks to reflect the most material factors by focusing on sector-specific ESG issues that are most relevant and impactful, as determined by the Municipal Bond Team.



When reviewing potential investments, the Municipal Bond Team analyses them according to traditional fundamental analysis: for strategies and mandates without explicit ESG criteria or guidelines, there are no exclusions based on ESG factors and no tilts towards ESG factors. However, if the Team determines that there is an elevated ESG risk for a potential investment, they will look to ensure that bondholders are adequately compensated for the additional risk before investing.

When considering ESG-related risks/opportunities, the Team typically categorises them into five sustainability themes: climate change, ageing US infrastructure, natural resource management, demographic shifts and governance.

By grouping relevant key issues in our framework, an ESG assessment may consider some or all of the following pertinent themes.

Climate risks	• Acute and chronic risks (hurricane, wildfire, flood, heat stress and drought) • Property and economic value at risk considerations	
Carbon transition	• Carbon emission intensity on annual value and national percentile; per capita basis • Climate and carbon transition planning	
Natural resource	• Natural capital (water-management) • Pollution (air, land, water quality)	• Community water safety
Social semographic and socioeconomic	• Healthcare affordability and wellness • Poverty and affluence	• Crime/safety and aging demographics • Access to educationg
Governance	• Pension funding management • Financial disclosure and reporting practices	• Management effectiveness • Cybersecurity risks

ESG ratings for US municipal bonds

Insight's municipal ESG data sources are derived from both internal and third-party datasets. The Team sources publicly available data from many sources including issuer websites, offering documents, and other sources. External data sources are selected and reviewed by Insight's Responsible Investment Team in conjunction with the Credit Analysis Team.

Insight currently subscribes to Intercontinental Exchange (ICE), a third-party ESG data provider specific to US municipal bonds. The ICE data service provides broad coverage of the US municipal bond market with key ESG-related data related to climate physical risk (hurricane, wildfire, flood, heat stress, drought), the carbon transition including emissions, plus key demographic and socio-economic data that help populate our scoring model.

In 2023, municipal bonds were integrated in the Prime ratings framework, which covers the majority of the Team's investment universe. In addition, we updated our impact bond assessment process for labelled issuance by municipals to better reflect the characteristics of the asset class and inherent opportunities for positive impact.

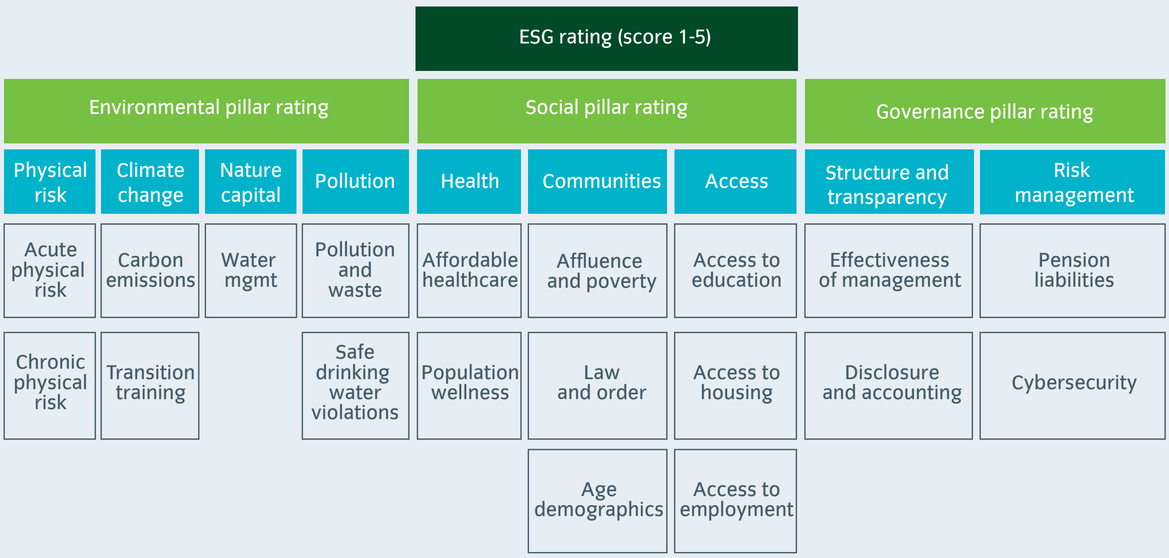
ESG RISK RATINGS FOR US MUNICIPAL BONDS

Insight has developed and implemented an ESG risk ratings model for US municipal bonds that will allow for greater scalability of comparisons across municipal bond holdings and portfolios for key metrics, including climate physical risk, carbon emissions, socio-economic metrics and key governance factors.

Through the use of automated data feeds from ICE covering the municipal bond universe, we believe the Team will be more able to systematically evaluate climate physical and carbon transition risk. The economic and financial analysis and data feeding our scoring model across municipal issuers will be based on catastrophe modelling, blending hazard and climate conditioning with economic exposure and geospatial technology, down to a 100-meter grid.

Furthermore, the Team will use Scope 1 carbon emissions data across issuers to characterise and measure transition risk for local economies hosting carbon-intensive electricity generating assets.

Figure 13: Proprietary municipal debt ESG ratings

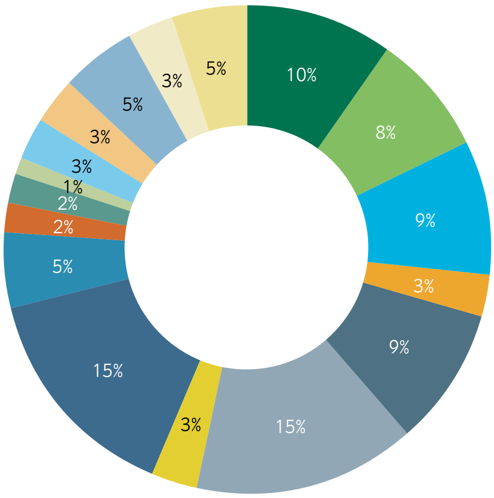


Impact assessment

The US municipal bond market is a natural fit for investors with sustainability goals, with bonds financing projects and services that promote positive social and environmental outcomes. Municipal bond issuance is a vital financing source for the construction and maintenance of critical US public infrastructure. Determining the impact of a municipal bond can start with understanding each issue's intended financing and identifying those areas that support positive social and/or environmental outcomes.

The Municipal Bond Team may assign a municipal bond an 'ESG category code' to highlight the nature of any positive environmental or social outcome targeted by that bond. Funded municipal projects largely impact both the physical and social fabric of US society with investments in roads, bridges, water and sewer systems, hospitals, schools, universities, and affordable housing, among many others. The Team will assess certain securities' financing profile to identify and categorise what project(s) are targeted to be financed. For mandates with ESG impact criteria or guidelines, each bond's profile will need to fall within the positive social or environmental themes listed in our proprietary impact framework (see Figure 14).

Figure 14: Sample municipal bond portfolio exposure by ESG categories[26]



Impact code	Sustainability theme
EDU	Education
SCH	School district
HSP	Hospital-healthcare
REN	Renewable energy
TRN	Low carbon transport
WTR	Clean water/scarcity
PWR	Utility-power clean
INF	Infrastructure other
EEF	Energy efficiency
HSG	Affordable housing
IDB	IDB-economic opportunity
STL	Student loan
POL	Pollution control
RES	Resource recovery
NDP	Natural disaster management
ENV	Environmentally friendly
COM	Community/essential service

Impact-labelled bonds (green, social and sustainable) typically range from 15% to 30% of municipal bond portfolios with ESG criteria

SYSTEMATIC FIXED INCOME

Insight's approach to systematic fixed income investing centres on providing investors with access to the full credit risk premium within the targeted asset class. Through the use of enhanced trading technology and highly diversified portfolios, structural market inefficiencies arising from high trading costs and the inability to source certain bonds in illiquid segments of the global fixed income market can be mitigated and exploited. Differentiated alpha drivers applied across a wide range of investments reduce idiosyncratic risk, and form the basis for repeatable, consistent alpha which may be orthogonal to traditional investment approaches.

This means that the primary function of these strategies is to replicate market exposure, which necessitates holding a large number of positions. Portfolios are not constructed through recommendations driven by analysts but through optimisation processes defined by a series of rules.

As at the end of 2024 the integration of ESG factors within our systematic fixed income strategies is limited to applying exclusion-based criteria for a selection of portfolios, such as our pooled efficient beta fallen angels strategy and global high yield strategy. The exclusion parameters are applied to limit exposure to certain sectors and/or companies, for example:

- Companies with thermal coal exposure
- Companies or issuers with environmental red flags
- Companies with worst-in-class ESG ratings
- Companies or issuers involved in the manufacture of controversial weapons
- Violators of the UN Global Compact

The data and scores for these exclusions are sourced from MSCI or JP Morgan, depending on the strategy, and the providers offer regular periodic updates.

[26] For illustrative purposes only.

NEW FOR 2024: ESG FRAMEWORK FOR EFFICIENT BETA

In 2024, Insight developed a new ESG framework for systematic fixed income portfolios and subsequently implemented this for a global high yield pooled fund. The new ESG framework aims to deliver more ESG data coverage due to the significantly diversified nature of systematic fixed income portfolios. The new framework adopts a range of baseline exclusion criteria and avoids investing in names with worst-in-class ESG scores. Additionally, the framework excludes certain activities such as thermal coal mining and power generation, but retains the ability to invest in use-of-proceeds instruments that fulfil certain criteria.

IMPACT INVESTING

Most of our integration processes focus on ensuring that relevant ESG risks are considered as part of the investment process. However, for mandates with a sustainability and impact emphasis, there can also be an additional focus within the mandate considering the impact of investments on the environment and/or society.

We have identified three opportunity sets to achieve impact: impact bonds, impact issuers and improving issuers. Below we outline our impact assessment frameworks used to analyse these instruments and their applicability as sustainable investments.

IMPACT BONDS	IMPACT ISSUERS	IMPROVING ISSUERS
Use-of-proceeds bonds verified by Insight's impact bond assessment framework, with clear social and/or environmental benefits	Issuers' revenue aligned to UN SDGs or EU taxonomy as verified by Insight's impact assessment framework	Issuers with core investment plans aligned to EU taxonomy, as verified by Insight's impact assessment framework
Green bonds / Sustainability bonds / Social bonds	Revenue alignment	Alignment of operational and capital expenditures

In 2025, Insight will look to build upon the existing impact definition and framework in seeking to ensure close alignment with the market and evolving regulatory standards. This will include reviewing opportunity sets to achieve impact, to confirm these remain ambitious, and that they have measurable UN SDG associations. We will also aim to build out sector-specific guidance to identify significant potential positive and negative associations in order to further tailor assessment approaches. More broadly, we expect impact investing to be increasingly differentiated within a broader sustainable investment spectrum, including transition investing.

Impact bonds (use-of-proceeds bonds)

In fixed income specifically, there is an explicit opportunity set for impact because of the impact bond market, which delineates the projects the issuance is funding. We believe it is important that, rather than accepting green labels, we conduct due diligence to understand the true impact these investments are likely to make and to avoid greenwashing. Below is Insight's assessment framework, which specifically pertains to impact (also known as use-of-proceeds) bonds. We also have a separate framework to assess sustainability-linked bonds.

We assess impact bonds on a bond-by-bond basis. These include green, social and sustainability bonds. An impact bond is a bond that specifies its proceeds will be used to have a positive environmental or social impact.

Each impact bond will be given a red, light green or dark green rating, as explained in the table on next page.

Figure 15: What Insight's impact bond ratings mean: typical characteristics that drive the ratings

Rating	Approach
Red	• The issuer fails to provide sufficient information regarding their impact bond framework and has no second-party opinion. • Proceeds are being used for full refinancing of projects and largely target operating expenditures or no information has been provided. Proceeds are financing projects that are considered to have weak impact. • Unallocated proceeds may be used to pay back existing debt and there is no commitment to allocation/impact reporting. • The issuer fails our 'do no significant harm' screen and enhanced ESG due diligence on the issuer and the proceeds from the bond do not mitigate these negative impacts. • Overall impact of the use of proceeds is low relative to peers.
Light Green	• The issuer has an impact bond framework, aligned with ICMA standards, in place along with a second-party opinion. • The majority of projects being financed are well defined and will provide some positive environmental and/or social impact. • Proceeds are being used for full/partial refinancing, but limited information is provided on the split. • The issuer has committed to annual allocation and impact reporting with limited information on key performance indicators for reporting. • Or a company is defined as an impact issuer with an impact bond framework and second-party opinion in place. • Overall impact of the use of proceeds is good relative to peers, but some information may be missing with some weaker aspects.
Dark Green	• The issuer has provided detailed information on their framework along with a second party opinion and has provided a rough split on the expected level of financing/refinancing with a maximum look back period for any refinancing <2 years. • The issuer has a project evaluation committee in place to select, evaluate and monitor use of proceeds and clear transparent process to manage proceeds effectively. • The issuer has committed to annual allocation and impact reporting, with relevant key performance indicators (KPIs), which has been independently verified by a third party. • The issuer passes our 'do no significant harm' screen and has an appropriate sustainability strategy in place that the impact bond is clearly contributing to. • Overall impact of the use of proceeds is strong relative to peers.

How Insight generates ratings for impact (use of proceeds) bonds

There are three main areas that impact bonds are assessed against: ESG performance, bond framework principles and bond impact. This is aligned with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as well as the European Green Bond Standards.

ESG performance

- As part of the assessment, we review an issuer's overall ESG performance which includes assessing their sustainability strategy, impact revenue generated (meaning that if we classify the issuer as an 'impact investor', we will measure revenue aligned with the UN Sustainable Development Goals), and enhanced due diligence is conducted to assess any significant harm being conducted. In this review, we consider the following:
  - Insight Prime ESG rating,
  - Insight Prime climate risk rating,
  - controversies and associated material ESG risks in the past 12 months,
  - alignment with Principal Adverse Impacts as outlined by SFDR,
  - sustainability strategy – compared to peers and relevance of impact financing,
  - net-zero alignment and targets – particularly relevant for climate-focused green bonds,
  - alignment of issuer's revenue with the UN Sustainable Development Goals, and
  - impact issuers as defined under Insight's sustainable investment definition.

Companies deemed to exhibit inadequate performance will not be eligible for classification as a sustainable investment and are not eligible for investment in Responsible Horizons strategies and may not be eligible for other sustainability-focused mandates. Insight's analysts pay close attention to companies with:

- high-profile controversial events;
- weak history of ESG activities;
- lagging ESG performance versus peers;
- sustainability strategy, commitments and targets;
- net-zero misalignment and targets; and
- misalignment with PAIs and SDGs.

Impact bond framework principles

We consider the overall framework associated with the bond, based on the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. We aim to take this a step further to encourage best practice and ensure a positive impact is being achieved.

In their framework we require an impact bond issuer to have sufficient information in the following categories:

- **Use of proceeds (UoP):** At a minimum, we expect UoP categories, and a description of what projects would be considered within each category, to be provided. To strengthen the framework, we would expect there to be appropriate minimum levels/thresholds for categories and whether they are aligned with any official or market-based taxonomies. We typically look for UoP to be aligned with the ICMA Principles' project mappings and SDGs to ensure the validity of projects. Sector-specific considerations on the suitability of proceeds will be taken into account. Explicitly outlining activities that are excluded also help to strengthen frameworks. For social projects appropriate target populations must be outlined.
- **Project evaluation and selection:** At a minimum, a robust and independent process should be noted as part of the framework, including a description of the steps that are taken to evaluate and select eligible projects. This should include a set of criteria for exclusions or management of ESG risks and negative impacts associated with UoP; this can include details of the issuer's internal policies and specific due diligence steps undertaken.
- **Project evaluation committee:** To manage the selection and monitoring of UoP, we would prefer issuers to have a separate working group or separate committee to effectively manage the process. A clear description of the sustainability expertise and appropriateness of those responsible for project evaluation and selection should be communicated.
- **Management of proceeds:** A clear description of how proceeds will be managed and tracked by the issuer to ensure proceeds are allocated towards eligible projects should be provided. This can either be on a bond-by- bond approach or portfolio approach. A high level of transparency is required here and verification by an independent third party to attest to the robustness of the internal tracking quality. Also, the timeline for full allocation and the process for reinvestment should be outlined.
- **Financing/refinancing:** Our preference is for the proceeds to be used for new financing projects, but we recognise that certain projects may require refinancing. Fully refinanced projects will be considered alongside the impact associated with the use of proceeds, but typically will lead to a light green rating. If it is full refinancing or if the split isn't known, then attention will be paid to the maximum lookback period (how old a refinanced project may be under the framework).
- **Reporting:** At a minimum, issuers must provide complete transparency on the use of proceeds and the associated impact through reporting relevant KPIs, we expect this to be supplied 1 year after issuance. Our preference is for independent verification and for impact reporting to be aligned with the ICMA Harmonised Framework for Impact Reporting.

Bond impact

Our analysts will consider the positive impact of the bond. This is a qualitative and quantitative assessment. A qualitative assessment will consider:

- Tangible change in strategy and the 'ambitions' of the issuer
- Links to organic growth versus business as usual
- If the bond will increase impact-related revenue, capital expenditure would be preferred over operating expenditure
- Comparison to sector peers and whether the framework is appropriate for the sector
- Whether processes are in place to mitigate any material ESG risks to ensure the impact bond is aligned with 'do no significant harm' criteria

A quantitative assessment will consider:

- Business synergies, capital increase from green activities
- Positive sustainability activity, including efficiencies and appropriateness of individual metrics
- Negative sustainability activity, including individual metrics

Our impact bond coverage increased in 2024

We rated 533 unique impact bonds in 2024.

We also engaged with issuers and sovereigns on their impact bond frameworks. This allows us to provide feedback to issuers on where we would like to see improvements and enhanced disclosures in relation to their impact bond to promote a high-quality credit impact bond market. These engagements allow us to dig deeper into the decision- making process behind the framework and provides us with additional information to feed into our ratings.

Figure 16: Insight impact bond ratings 2024

CASE STUDY: Engaging on a UK bank's sustainability bond

Background: The bank's sustainability bond was originally rated 'red' under Insight's impact bond assessment framework due to perceived weakness of the eligible project categories and a lack of appropriate processes outlined to identify, manage and mitigate ESG risks associated with the bond's stated use of proceeds. We had previously engaged to provide feedback and improvement areas to strengthen the framework.

Activity: In the follow-up engagement, we discussed Insight's feedback report and had the following findings.

- The bank recently updated its sustainability bond framework with a view to future issuance so we engaged to understand if the issuer had implemented our recommendations. The bank emphasised clear upgraded eligibility criteria for the bonds, aligned to its broader sustainable finance framework. Three examples include a heavy weighting to the green property market, a 100% social-housing-focused social category, and allocation and impact reports being published annually.
- The demonstration of additionality and clearer use of proceeds were well received by investors, including Insight.
- The bank said it intends to publish the financing versus refinancing split, and acknowledged this is important to investors.
- The bank said financing oil and gas was a low proportion of assets and that it is engaging with clients to understand and advise on targets, capital allocation and transition strategies; we highlighted some banks are looking to cut exposure to this sector.

Outcome: The engagement was positive and the bank showed good progress in acknowledging and implementing our feedback.

- The bond framework uses UK Taxonomy definitions despite these not yet being finalised. The EU taxonomy definitions are clear and the market has responded positively, so it would be useful if the bank can reflect these definitions. We will monitor this.
- We will be upgrading the bank's impact bond to a light green within Insight's impact bond assessment framework due to the improvements we observed. We will monitor how the bank approaches the oil and gas sector going forward.

CASE STUDY: Understanding Japan's new transition bond framework

Background: We engaged with Japan's Ministry of Finance and Ministry of Economy Trade and Industry to understand details about its new transition bond framework. Specifically, we had questions on the types of programmes its transition bond would finance, and how monitoring and reporting of outcomes would be tracked.

The sovereign performs relatively well on governance measures, weakly on social measures and underperforms compared to other developed market economies on its environmental measures. Its relative weakness on environmental factors is heavily driven by the emissions intensity of its power sector, particularly a reliance on thermal-coal generation due to increasing demand for energy.

Engagement: Around 40% of the proceeds from the framework will be used for research and development (R&D), which is a much higher proportion than generally applies to other impact bonds; while 50% of proceeds will go towards a green innovation fund that supports R&D of innovative technologies on the condition that companies commit to social implementation investment, pursuing a just transition. The issuer has established the green innovation fund to achieve carbon neutrality by 2050.

Under the programme projects are checked every three years to ensure ongoing compliance with eligibility criteria. The proceeds check involves technical expertise, with a technical readiness test that encompasses a scoring system, with projects ranked from 1 to 10. All projects must have a technical readiness level of over 6.

We recommended to the issuer that we would like to see a smaller proportion of proceeds dedicated to R&D. Ultimately, however, we think increasing R&D will become a more prominent feature of sovereign-labelled bonds in general and understanding the efficacy of that R&D will be an important part of understanding the overall impact of the bond.

Outcome: We will review the post-issuance reporting to understand the impact achieved via use of proceeds, particularly regarding R&D. Ensuring the framework adheres to the Climate Bond Initiative's Principles for Transition recommendations will be key to ensure transparency.

Impact issuers

'Impact issuers', as defined by Insight, are companies that have a significant portion of their revenue linked to activities deemed to have a positive environmental and/or social impact and that demonstrate no material misalignment with the UN SDGs.

Where a company is identified as an impact issuer, verified by an assessment of UN SDG alignment, we apply a modified assessment criteria for its bonds to take into account the likely impact being delivered by the company. The process for assessing if a company can be considered an impact issuer is outlined below:

Figure 17: Insight's impact issuer assessment process[27]

Objective

Identify issuers outside the impact bond market which have at least 50% of their revenue streams linked to positive environmental and/or social impact.

STEP 1

Impact assessment

1

- **Revenue alignment:** >50% aligned to UN SDGs or EU Taxonomy Regulation
- **Economic activity alignment:** meets activity alignment criteria, with no material misalignment
- **Impact reporting:** aim to identify impact KPIs which can be tracked and reported

STEP 2

ESG assessment

2

- **DNSH** assessment
- **Prime ESG performance**
- **Prime climate risk performance**
- Controversial sector involvement
- **Controversy** analysis and associated risks
- **Net-zero** alignment
- **PAI** screen

STEP 3

Impact committee review

3

- **Review** impact and ESG assessment
- **Approve** issuers aligned to UN SDGs or EU Taxonomy
- **Annual** monitoring and reassessment

Impact issuer

[27] For illustrative purposes only.

Improving issuers

'Improving issuers', as defined by Insight, are companies that have a significant proportion of their core investment plans linked to activities deemed to have a positive environmental impact as measured by alignment to the EU taxonomy. The process for assessing if a company can be considered an improving issuer is outlined below:

Figure 18: Insight's improving issuer assessment process[28]

Objective — Identify issuers outside the impact bond market whose core investment plans are compliant with the EU Taxonomy.

STEP 1
Impact assessment

1

- **Investment plan aligment:** >50% aligned to EU Taxonomy Regulation
- **Economic activity alignment:** meets activity alignment criteria, with no material misalignment
- **Impact reporting:** aim to identify impact KPIs which can be tracked and reported

STEP 2
ESG assessment

2

- DNSH assessment
- Prime ESG performance
- Prime climate risk performance
- Controversial sector involvement
- Controversy analysis
- PAI screen

STEP 3
Impact committee review

3

- **Review** impact and ESG assessment
- **Approve** issuers aligned to UN SDGs or EU Taxonomy
- **Annual** monitoring and reassessment

Improving issuer

DERIVATIVES

When managing liability risks, alongside government and corporate debt, we also use derivatives to obtain investment exposure without a substantial commitment of initial capital. This can introduce 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.

Within the corporate credit investment process at Insight, we conduct our own credit analysis on banks. Our credit analysts assess underlying material risks (including specific factors that can cause a sudden, unexpected deterioration in an issuer's credit quality) with the view to minimising risk of default. This includes analysis of ESG factors. As described earlier in this section, in order to assist with our governance assessment and how a company's management team responds to environmental and social issues, we use our proprietary risk-centric Prime corporate ESG ratings.

We take a robust approach to protect our clients' interests in the negotiation of contracts with our counterparties. The types of topics we have focused on include maintaining gilts as eligible collateral, the level of credit rating additional termination events (ATEs), the portability of clearing positions and haircuts on repo transactions.

New for 2024: Derivatives Policy for portfolios with ESG criteria

In 2024, we established our Derivatives Policy for portfolios with ESG criteria to explain how we treat derivatives in the context of portfolios aligned to EU SFDR Article 8 or Article 9, portfolios managed to binding ESG characteristics, or where ESG metrics are being communicated for reporting purposes.

This policy stipulates how we calculate and monitor these metrics for derivative positions and how we roll this up to the portfolio level depending on the portfolio type.

In summary, for derivatives, both on single names and baskets, we calculate an ESG score and the ESG score is taken into account to establish the overall ESG rating, similar to how we assess credit ratings in the context of derivatives.

Counterparty engagement programme

A counterparty sustainability engagement programme, reviewed and approved by Insight's CEO and CRO, was initiated in January 2022 and the second iteration of the programme was conducted in 2024. We sent the second version of our sustainability assessment questionnaire to 25 of our core trading counterparties. A detailed peer benchmarking activity was carried out based on bespoke scoring criteria developed by Insight. The output of this benchmarking was used to identify one-to-one meetings with select counterparties in order to discuss the issues in more detail. See **Section 9** for more information.

[28] For illustrative purposes only. >50% aligned to EU Taxonomy Regulation defined as affecting at least 50% of their revenue streams, capital expenditure, or operating expenditure including non-capitalised costs that represent research and development.

Insight's Counterparty Relationship Group (CRG), chaired by Insight's CEO, oversees this process. The CRG was established to ensure that Insight exercises due care and diligence in the selection and monitoring of counterparties with whom Insight will deal as agent on behalf of its clients. A key facet of this is to monitor closely the creditworthiness and business strategies of such counterparties, which involves regular meetings between the bank management teams and Insight's credit analysts, Insight's senior legal staff and members of Insight's executive management team. It is crucial for our clients that we maintain a broad panel of counterparties to ensure liquidity. We therefore emphasise strong engagement with counterparties over exclusion regarding ESG and other issues.

Data provided to clients

To help our clients understand the ESG risks borne by their counterparties and how they are managed, we provide our ESG ratings for relevant derivative counterparties to our LDI clients. Our focus is on how these ratings may affect the creditworthiness of counterparties, and we seek to help our clients understand how these factors may be material for risk-management decisions.

We also provide engagement data on request, which may include details of specific engagements with counterparties as well as an overview of our broader work on wider issues relevant to LDI. As well as providing clients with this information, this activity has also served to help them comply with new regulatory requirements regarding ESG disclosures.

MULTI-ASSET

Our flagship multi-asset capability, Insight's broad opportunities strategy, follows a global macro approach targeting long-term growth through dynamic asset allocation across a broad range of asset classes.

While the strategy does not have a specific ESG objective, responsible investment considerations are incorporated across some asset classes within our investment process, while seeking to build the portfolio in the most efficient way possible and considering the materiality of all risks that we have identified.

The Principles for Responsible Investment (PRI) has six aspirational principles for the incorporation of ESG issues into investment decisions. We outline below where we may apply the principles to demonstrate how we seek to integrate responsible investment into the multi-asset investment process in a way that is attuned to our approach and the instruments we utilise. Much of our activity involves proactive engagement – please see **Section 9** for more details.

Figure 19: How the aspirational PRI principles are reflected within Insight's multi-asset strategy[29]

1 ESG considerations in investment analysis and decision making

- Actively seek ESG screened instruments for market exposures which can help deliver return objectives.
- Seek to evaluate ESG issues when assessing direct investments.
- Consideration of ESG factors, through ESG ratings, are incorporated in the investment process can be deployed to Insight managed pooled vehicles. Investments in Insight pooled funds have embedded ESG considerations, where appropriate.

2 Incorporate ESG issues into ownership policies and practices

- Aim to actively engage with direct holdings and screened index providers, pursuing a responsible investment agenda where possible.
- Vote on all direct holdings in listed infrastructure.

3 Seek appropriate ESG related disclosures

- Proprietary ESG questionnaire developed for direct holdings (infrastructure investments).
- Identifies potential areas for engagement.
- Feeds through to Insight's ESG ratings reflected in our transparency reporting.

4 Promote acceptance and implementation of the Principles

- Actively support development of ESG screened index instruments through early adoption, thereby encouraging broader take-up across industry. Active engagement with providers on issues such as exclusion criteria.
- Engagement with direct holdings pursuing responsible investment agenda could benefit all holders and encourages best practice.

5 Engagement across the business

- Aim to leverage Insight's full range of responsible investment analysis and resources.
- Engage with other areas of the business in areas such as design of responsible investment questionnaires and determining/ overseeing Insight's voting policy.

6 Report on ESG related activities and progress towards implementing the Principles

- Aim to provide transparent reporting of portfolio exposures using Insight's proprietary ESG ratings of underlying exposures
- Reports on voting and engagement can be provided.

[29] The strategy does not have any ESG investment objectives and the investment objectives described in any prospectus or investment management agreement will prevail. The PRI has not endorsed the approach shown.

Integrated approach to ESG

We set out below our integrated ESG approach for the relevant asset classes within our investment process.

Equity and fixed income derivatives/market-based instruments (futures, options and ETFs)

We extensively use index-based instruments in the strategy and work with market participants to encourage the development of derivatives for ESG-screened indices. This is achieved via engaging with market participants to launch new instruments, encouraging the adoption of ESG criteria to existing instruments, by being early-stage investors where appropriate and by engaging with index providers to enhance ESG criteria when appropriate. Our engagements also include working with market counterparties for the development of ESG-focussed credit derivatives and options on ESG indices.

In our view, ESG-screened index investments can help deliver target returns, as ESG factors are important drivers of investment value and taking them into account can lead to improved risk exposures. We typically expect to use ESG-screened index exposures when they are considered to offer a comparable risk return profile to those on equivalent non-ESG indices and can be implemented in a cost-effective manner. The strategy's market-based ESG exposures typically limit exposures to tobacco, controversial weapons, thermal coal and companies not in compliance with the UN Global Compact (UNGC). As at 31 December 2024, ESG-screened index exposures represented c.75% of our equity, 100% of high yield and 69% of emerging market debt exposures.

As part of investment decision making, the Multi Asset Strategy Group assesses for appropriateness to portfolios the index construction methodology for ESG-screened indices. Accordingly, the Team does not determine the constituents of such market-based exposures. ESG criteria within the strategy's ESG-screened exposures is reviewed independently by the Insight Responsible Investment team.

Equity: infrastructure assets (listed closed-ended investment companies)

The strategy accesses infrastructure investments via listed closed-end investment companies with a focus on renewable energy, social and economic sectors, as part of the strategy's real-asset exposures.

Assessment of ESG considerations make up a part of the initial analysis process prior and subsequent to investing in infrastructure holdings. Questionnaires may be used to source ESG information, which helps to generate an ESG rating, and the ESG questionnaire may highlight areas of potential engagement. Dedicated renewable energy companies represented over 46% of overall infrastructure exposures at 31 December 2024.

Figure 20: Strategy infrastructure composition over time

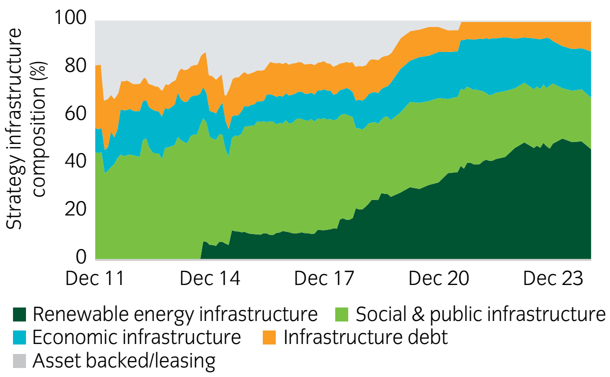
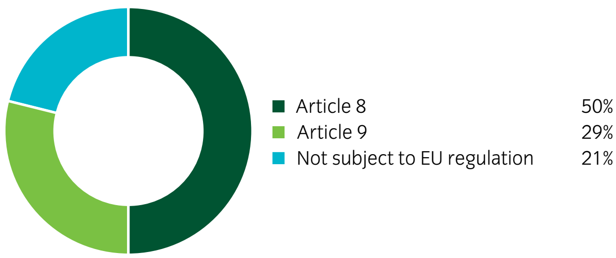


Figure 21: SFDR classification of infrastructure holdings



The lack of common industry standards for the assessment and measurement of relevant ESG metrics is a challenge in effective, clear reporting of relevant ESG metrics. We remain committed to developing our ESG reporting capabilities as industry standards coalesce over time.

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 include an additional focus on sustainability outcomes. For clients seeking bespoke sustainability criteria, we have significant experience in implementing a wide range of bespoke portfolios and manage customised solutions with specific carbon targets, impact themes and exclusions lists.

Investors are looking to invest in sustainable businesses that will stand the test of time and may wish to achieve a positive environmental or social impact. For this reason, we have created a clear set of qualification criteria for Insight strategies which have been specifically designed for investors seeking responsible investment outcomes.

To qualify as a Responsible Horizons strategy, each investment portfolio will reflect the following blend of responsible investment criteria:

- Emphasise the best and avoid the worst performers on ESG issues, based on research powered by Insight Prime.
- Reflect long-term themes, such as climate change and social inequality.

- Avoid investments with a negative impact, such as tobacco producers.
- Apply a higher hurdle for environmentally sensitive industries, such as those involved in conventional oil and gas activities.
- Provide transparency on the application of Insight proprietary ratings and key ESG performance indicators through customised reporting.

In addition to these criteria, specific strategies may also reflect additional guidelines which we believe reflect best practice in responsible investment for the investment category and financial and sustainability outcomes targeted in each case.

We also support a range of segregated responsible investment solutions that reflect individually customised environmental and social characteristics. Please contact one of our team to discuss tailoring to your requirements.

We expect Responsible Horizons strategies to reflect our view of best practice in responsible investment and as such we continuously seek to further develop ESG data, responsible investment approaches and our approach to engagement to enable us to offer a varied range of solutions for clients. We are committed to continuous improvement, innovation, and collaboration with asset owners and the asset management industry to ensure the most effective approach to investment and sustainability.

Table 1: An overview of the Responsible Horizons strategies[30]

Strategy name	SFDR	Description	Benchmark/comparator
Responsible Horizons Euro impact Bond	Article 9	Euro corporate bond strategy investing in positive impact bonds and impact issuers	Bloomberg Euro Corporate Green Bond Index
Responsible Horizons Euro Corporate Bond	Article 8	Euro corporate bond strategy aligned to net zero and managed with a focus on responsible investment outcomes	Bloomberg Euro Aggregate Corporate Bond Index
Responsible Horizons EM Debt Impact	Article 9	Hard currency emerging market debt strategy investing in positive impact bonds and impact issuers	JP Morgan EM Credit Green, Social and Sustainability Bond Diversified Index
Responsible Horizons Multi-Sector Credit	Article 8	Global multi-sector credit strategy aligned to net zero that dynamically allocates across a broad opportunity set with a focus on responsible investment outcomes	SONIA
Responsible Horizons UK Corporate Bond	N/A (UK strategy)	UK corporate bond strategy aligned to net zero and with a focus on with a focus on responsible investment outcomes	iBoxx Sterling Collateralized and Corporates Index
Responsible Horizons Strategic Bond	N/A (UK strategy)	Strategic bond strategy aligned to net zero and with a focus on responsible investment outcomes	UK Investment Association Sterling Strategic Bond Sector[31]

New for 2024

Net-zero targets for Responsible Horizons

Four of the Responsible Horizons strategies embed a net-zero by 2050 target in their approach by applying the following:

- a minimum allocation to companies which are at least committed to a net-zero target,
- a carbon intensity level below a set amount which is level with the decarbonisation strategy, and
- a minimum allocation to sustainable investments and impact bonds which is considerably above a set benchmark.

Currently, the Responsible Horizons Euro Corporate Bond, Responsible Horizons Multi-Sector Credit, Responsible Horizons UK Corporate Bond and Responsible Horizons Strategic Bond strategies apply such criteria. Investors can find more details in the relevant documents for each strategy.

[30] These characteristics and parameters, in some cases, reflect internal guidelines which are subject to change.
[31] The strategy is managed without any benchmark-related constraints and uses the sector for performance comparator purposes only.

7.3 ENSURING OUR SERVICE PROVIDERS SUPPORT THE INTEGRATION OF STEWARDSHIP AND INVESTMENT

Insight has a formal global outsourcing and vendor management policy which outlines the procedures regarding third-party management with the objective of having a consistent risk-based approach in line with the BNY Third Party Framework Policy. Please see **Section 8** for more information.

CRITERIA FOCUSED ON INTEGRATION OF STEWARDSHIP AND INVESTMENT FOR SERVICE PROVIDERS, INCLUDING MATERIAL ESG ISSUES

Insight upholds BNY's Supplier Code of Conduct which describes certain basic expectations and requirements for suppliers. As a practising advocate of health and safety, labour and human rights, environmental sustainability, diversity and inclusion, ethics and other responsible business practices, we strive to hold suppliers to the same standards. We expect our suppliers to understand and act in accordance with BNY's Supplier Code of Conduct, including where feasible aligning guidelines, policies and practices and encouraging the enforcement of the Code provisions throughout their organization and across their own supply chains.

BNY's Supplier Code of Conduct describes the expectations we have of our vendors to conduct business responsibly, including with respect to compliance with the requirements of applicable slavery, forced labour, child labour and human trafficking laws. The Supplier Code of Conduct describes BNY's commitments regarding social responsibility, health and safety, labour and human rights, ethics and other responsible business practices.

A violation of the requirements of the Supplier Code of Conduct may lead to review or termination of our relationship.

Areas that the BNY Supplier Code of Conduct addresses include, but is not limited to:

- Human rights
- Modern slavery
- Health, safety and security
- Child labour
- Harassment and non-discrimination
- Confidentiality
- Insider trading
- Fair competition and anti-trust
- Compliance with law, regulation and tax
- Financial integrity
- Anti-corruption
- Employment conditions
- Environmental sustainability
- Community commitment

The BNY Supplier Code of Conduct can be found in full here.

With respect to the third-party service providers supporting our responsible investment activities, data sources are assessed according to factors including their timeliness, data coverage, transparency and the quality of their methodology.

8 Monitoring managers and service providers

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

Overview

	Key statements
Context	• Insight has a formal Global Outsourcing and Vendor Management Policy, which outlines the procedures regarding third-party management with the objective of having a consistent risk-based approach in line with the BNY's Third Party Governance Policy; the latter outlines procedures regarding third-party management with the objective of having a consistent risk-based approach. We explain the roles of the Vendor Management Group and Vendor Management Function that oversee Insight's adherence to this policy. • Procedures are in place to monitor performance for third parties providing services to support critical functions. When applicable, each vendor has an Engagement Manager assigned in line with the policy who is responsible for risk and performance management. They are supported by subject matter experts and legal representatives for contracting services. Ongoing monitoring activities are undertaken in line with BNY's Policy. • Details of our ESG criteria applied to service providers are provided in **Section 7**.
Outcome	• Insight's service providers enable Insight to be an effective steward of its client's investments. • We outline our governance and processes for monitoring ESG service providers. Insight uses more than 900 service providers (ranging from large multi-national asset servicing firms to small specialist providers) to assist portfolio and operational management of client assets, of which 164 are classified as moderate or higher risk. Insight takes a risk-based approach overseeing and managing third-party products and/or services.

8.1 OVERVIEW OF KEY THIRD-PARTY SERVICE PROVIDERS SUPPORTING OUR RESPONSIBLE INVESTMENT ACTIVITIES

WITH REGARD TO OUR RESPONSIBLE INVESTMENT ACTIVITIES, KEY SERVICE PROVIDERS INCLUDE **DATA VENDORS** AND **PROXY VOTING SERVICES**.

In forming our proprietary tools and scoring frameworks we seek to support our analysts' research with data from multiple third-party data providers, such as:

- MSCI
- Sustainalytics
- S&P Trucost
- CDP
- SBTi
- Transition Pathway Initiative
- Climate Action 100+
- ICE

As we believe Insight teams should be directly accountable for their stewardship activities, we typically only use third-party providers for undertaking stewardship services when necessary. The exception is for collaborative engagements where we will work through membership bodies to undertake stewardship activities on a case-by-case basis.

Proxy voting services

Insight retains the services of Minerva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva's responsibilities include, but are not limited to, monitoring company meeting agendas and items to be voted on, reviewing each vote against Insight's Voting Guidelines and providing a voting analysis based upon the Voting Guidelines. Minerva also identifies resolutions that require specific shareholder judgement – often relating to corporate transactions or shareholder resolutions. This enables Insight to review situations where the Voting Guidelines require additional consideration or assist in the identification of potential conflicts of interest impacting the proxy vote decision. The chair of the PVG will review for contentious resolutions and in the event of one will determine if an actual or potential conflict exists in which case the resolution will be escalated to the PVG. More information on Insight's voting activity is available in **Section 12**.

8.2 HOW WE MONITOR OUR SERVICE PROVIDERS

INSIGHT'S GLOBAL OUTSOURCING AND VENDOR MANAGEMENT POLICY AND BNY'S THIRD PARTY GOVERNANCE POLICY

Insight has a formal Global Outsourcing and Vendor Management Policy which outlines the procedures regarding third-party management with the objective of having a consistent risk-based approach in line with the BNY Third Party Framework Policy. Insight uses numerous service providers in managing the running of our business and applies what it considers to be best practice when managing these engagements.

Areas that the Policy addresses include:

- End-to-end requirements of vendor management lifecycle including planning, pre-due diligence, contracting and ongoing monitoring (contract, risk, performance management and exit).
- Ensuring engagements are assessed and managed in accordance with the level of risk associated with that specific product and/or service. The depth, scope and extent of engagement level activities are categorised by the inherent and residual risks.

- A due diligence exercise is conducted to ensure that the service provider selected is able to provide the required service at the agreed levels for the duration of the engagement.
- An Issue Acceptance Process is in place to address gaps or concerns with third-party control environments.

Roles and responsibilities

- Effective third-party monitoring requires responsible, experienced Insight personnel to effectively manage the risk created by the engagement, including performance scorecards, facilitating the completion of risk-based assessments and monitoring the resiliency of the third party.

BNY's Supplier Code of Conduct

Insight adopts the BNY Supplier Code of Conduct, which includes ESG criteria and describes the expectations we have of our vendors to conduct business responsibly, including with respect to compliance with the requirements of applicable slavery, forced labour, child labour and human trafficking laws.

The Supplier Code of Conduct describes BNY's commitments regarding social responsibility, health and safety, labour and human rights, ethics and other responsible business practices.

A violation of the requirements of the Supplier Code of Conduct may lead to review or termination of our relationship.

INSIGHT'S VENDOR MANAGEMENT GROUP

The Vendor Management Committee is responsible for third-party providers and associated activities and issues. The Committee meets at least 10 times per year.

Members include the COO, CRO, Chief Compliance Officer, Head of Sourcing and Third Party Management, and Head of Legal, as well as representatives from Corporate Risk, Cyber and Information Risk. The scope of the meeting will typically include the following:

- Risk management
- Updates and review of dashboards
- Vendor management key risk indicators
- Issue management
- Operational resilience of third parties
- Third-party incidents
- Any audit/compliance remediation and closure updates
- List of new service providers

Committee responsibilities

The responsibilities of the Committee are for the oversight and escalation of the following:

Day-to-day operations

- Policy: Reviewing and approving the Global Outsourcing and Vendor Management policy at least annually, or whenever a material change occurs.
- Approvals: Approving the appointment of new critical service providers.

Risk management

- **Compliance:** Undertake monitoring reviews of the vendor management process for Compliance with regulatory and Insight policy requirements. Provide advice and guidance on relevant new/amended regulations and/or regulatory guidance.
- **Management information/control environment:** Define and produce relevant, accurate and timely management information including trends and performance against pre-set targets, highlighting any issues or events and the steps being taken to address them.
- **Corporate risk:** To identify and evaluate perceived or potential risks for resolution or escalation to the Committee, including the setting and tracking of appropriate risk-mitigating actions and the oversight of critical risk service providers. This is to provide assurance to the Committee that risks have been managed and/or escalated in line with set limits and the firm's risk appetite.
- **Exceptions:** Approving policy exceptions when third-party engagements are effectively managed through other programs. The decision to exempt certain third parties is documented with the appropriate rationale on a risk- based approach. Exceptions are subject to annual review.
- **Escalation:** Act as an escalation forum for review and further escalation of any significant risks, issues and non-compliance to BNY's Third Party Governance Policy; and provide management oversight of closure of any gaps raised in relation to the Policy or guidelines. Material risks will be escalated to the Risk Management Group.
- Enterprise-managed vendors: Oversight of engagements contracted formally with BNY and managed centrally by other areas of BNY via a risk-based approach including due diligence, issue management and monitoring performed by BNY.
- **Digital Operational Resilience Act (DORA):** To oversee Information Communication Technology (ICT) provider engagements, ensuring compliance with DORA's requirements for contract, risk management, and oversight.
- Operational resilience: Overseeing the resiliency of third parties, specifically focusing on the governance, monitoring, and management of third-party risks to ensure their operational resilience.

INSIGHT'S VENDOR MANAGEMENT FUNCTION

The Vendor Management Function is responsible for and should:

- ensure that the Global Outsourcing and Vendor Management Policy remains relevant;
- oversee compliance and execute BNY's Third Party Governance framework processes to ensure adoption in Insight;
- implement any regulatory or legal changes as requested by the Compliance Team, Legal Team or otherwise in accordance with BNY's Third Party Governance framework;
- proactively communicate and report policy non-compliance and ensure it is reviewed and escalated to the Vendor Management Steering Committee;
- assist the business and provide guidance on third-party governance, oversight and risk mitigation; and
- maintain and provide appropriate reporting on third- party portfolio and risks/issues to key stakeholders and management.

Insight uses a systematic selection and onboarding process to identify and classify the level of risk associated with the service provided. Ongoing monitoring is carried out based on the associated level of risk.

Insight uses hundreds of service providers, including providers in the following categories:

- Back-office operations
- IT hardware and software
- Recruitment and training
- Real estate/facilities
- Consultancy services (including legal services and ratings agencies)
- Research (investment and other)
- Marketing (including sponsorship, PR and events)
- Data vendors
- Insurance
- Others

When dictated by the policy, vendors have an Engagement Manager who is responsible for risk and performance management. The Engagement Manager ensures that ongoing monitoring activities are undertaken in line with Insight's policy.

Critical providers 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 business operation of Insight are reviewed annually or when a material change occurs. Insight undertakes its own third-party selection activities supported by negotiators and legal representatives during the contracting stages of the supplier lifecycle.

Details of our ESG criteria for service providers are provided in **Section 7**.

8.3 ACTIVITY AND OUTCOME

Insight's service providers enable Insight to be an effective steward of its client's investments. Insight uses numerous service providers while running its business, and applies what it considers to be best practice as described in the Global Outsourcing and Vendor Management Policy when managing its vendors. Insight seeks to support the framework, systems and administration of the vendor management process of BNY, but maintains full ownership over vendor selection and oversight, commercial terms, and an ability to accept vendor risks when it deems it appropriate.

We have steps to monitor performance for critical vendors. Issues and gaps identified are dealt with thoroughly at the time and have been resolved to a satisfactory level, including any relevant changes to procedures to help prevent reoccurrence.

Key highlights from 2024

- In 2024, 92 new vendors were onboarded by Insight.
- In 2024, 164 vendors were deemed to have a critical, high or moderate inherent risk rating. For critical, high and moderate-risk vendors, performance scorecards were completed, with no instances of material non-performance which could affect business operations. There were no forced terminations.
- From 2024, we ask all suppliers to voluntarily provide specific information on ESG-related questions to allow us to collect relevant metrics. Insight's framework is risk-based and the number of questions third parties are asked to answer depends on the engagement's risk rating. The higher the risk rating, the more ESG questions would be included in the assessment.

FOCUS ON ESG DATA SERVICES

Insight has used third-party ESG data and rating services for more than 15 years. These services (as mentioned in **Section 8.1**) are used as an input into both our investment decision-making processes and portfolio construction. In recent years clients have also required access to services that can apply restrictions to their investment portfolios that align with their values or to mitigate reputation concerns. Also, the EU has introduced sustainability reporting regulations that require disclosures of specific metrics, and Insight has been updating some investment fund and portfolio documentation to align with SFDR Article 8 and Article 9 requirements.

We have chosen these providers based on the extent to which their methodology supports our needs. Two groups within Insight review providers:

- The Data Management Office, which reviews all data sources, considers the data, including its quality, any gaps, and processes for monitoring and escalating any issues, and will ensure any agreement with the provider complies with the Insight Data Management Framework.
- The RIG reviews third-party ESG data for relevance and appropriateness from an investment perspective.

Once the Data Management Office and RIG have approved the use of an ESG data provider, the proposal is reviewed and approved by IROC.

Please see **Section 7.3** for more on how we ensure the effectiveness of our third-party ESG data providers.

FOCUS ON PROXY VOTING

Where Insight executes votes, we monitor our 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 the PVG. See **Section 12** for more information. We would note that equity assets account for less than 1% of our AUM (see **Section 6**). Some of these assets are accounted for by equity exposure via derivatives, limiting our ability to engage through voting.

9 Engagement

We engage with issuers to protect and enhance investment returns and seek to help to secure client outcomes.

Overview

	Key statements
Context	• Our engagement activity is a key element of our investment research process in fixed income, as our research analysts and portfolio managers seek to accurately establish a potential investment's fair value. Our activity focuses on our clients' financial objectives but may also contribute to sustainability outcomes. • Engagement activity and how we report on it reflects the breakdown of our AUM. The majority of Insight's assets focus on risk management (LDI) strategies, which typically consist of high-quality bonds, backing assets and derivatives. The fixed income strategies we manage are typically focused on single asset classes, while our multi-asset strategy invests in equity, fixed income and other markets, with some of this exposure via derivatives; a breakdown of these assets are provided in **Section 6**. • We select and prioritise topics for engagement by our fixed income teams using our Prime ESG and climate risk ratings, with our Responsible Investment Team and wider investment teams also monitoring and identifying issues as they arise. • Our engagement programme in 2024 included ESG thematic priorities (climate change, natural capital and biodiversity, and labour management). Our focus on counterparties continued, with the second iteration of the counterparty engagement programme starting in 2024.
Activity and outcomes	• In 2024, we conducted 942 engagements with debt issuers, of which the majority included some form of ESG dialogue. These included 134 engagements focused solely on ESG issues. The 942 engagements included interactions with companies in 88 countries, of which 47 were emerging markets. • We outline the types of companies we engage with, the method of engagement, and ESG themes on which we engaged. • We explain how we tailor our approach across the investment types and markets we focus on, with examples from 2024 of our engagements in each: – Fixed income – Multi-asset – Secured finance • Our 2024 engagement themes, climate change, natural capital and biodiversity, and labour management, will remain unchanged in 2025. • In 2024 we sent our Sustainability Assessment Questionnaire to our largest 25 banking counterparties. We collected responses and used these to conduct a benchmarking exercise to understand how ESG risks are managed by each organisation. This assessment resulted in tailored engagements and feedback reports that were issued to counterparties.

9.1 CONTEXT

Engagement is a central pillar of delivering on our stewardship responsibilities.

It is our most direct way of understanding and influencing the institutions we invest in on behalf of our clients. Through our engagement, we aim to protect and enhance investment returns and seek to help secure the delivery of client outcomes. Engagements involve an active dialogue between issuer and investor and can take place in direct meetings, within group settings such as conferences, collaborative group meetings and roadshows and via direct contact with companies (e.g. by letter or in one-to-one meetings).

As a fixed-income focused business, our approach to engagement differs materially from engagement via equity investments due to the difference in opportunity set.

Bondholders (or investors in derivatives) do not have shareholder rights by which they might influence management or other officials, but they can exercise influence by virtue of their financial relationship, and/or in collaboration with other investors. Bondholders also have unique touchpoints for influencing behaviour – not least through issuers coming to market for financing/refinancing, and through use-of-proceeds bonds and other sustainable finance instruments.

Below we outline how we seek to engage with issuers on relevant and material issues across our funds and geographies, though the specific approach will vary across different markets and asset classes.

9.2 ENGAGEMENT SELECTION AND PRIORITISATION

PHILOSOPHICALLY, FINANCIAL MATERIALITY HAS ALWAYS BEEN AT THE CORE OF WHY WE HAVE ENGAGED WITH INSTITUTIONS.

We assess and identify, and take responsibility for managing, factors we deem to be financially material (including, but not limited to, sustainability and governance factors) whilst also reflecting client sustainability preferences. Financially material sustainability risks can be 'direct' in that they are identifiable, can be more straightforward to quantify, and typically occur over the nearer term, such as pollution fines or product safety issues. They can also be 'indirect' and may have multiple pathways to financial relevance; quantification is more complex as they typically stem from broader issues that impact the whole economy over the long term. Examples are extreme heat and water scarcity.

For issues that are direct and can be described in quantitative, financial terms, it is typically straightforward to define whether to engage and the objective of engagement. For issues that are indirect, we first seek to better understand the issue.

Where relevant, we may seek to engage to encourage prudent actions that create long-term value for our clients and/or reduce the uncertainty of meeting client outcomes.

In general, we undertake two types of engagement activity as part of our approach.

1. **Fundamental interactions:** focus on financial materiality and business fundamentals. Typically, these engagements may include ESG issues where they are deemed to be relevant to the investment case, but they do not necessarily involve a longer-term, structured programme. Fundamental engagements are recorded using our credit engagement template.
2. **ESG engagements**: a subset of fundamental interactions, these focus on addressing an issuer's performance or impact relating to one or more ESG issues. Typically, such

engagements will be longer term, structured around measurable objectives, and may be influenced by our thematic priorities as a firm. ESG engagements conducted with corporate credit issuers are recorded using our ESG engagement template.

Classical financial analysis organically leads to fundamental engagements as analysts seek to gain full understanding of all the risk factors that may impact an investment. To identify and prioritise ESG engagements, analysts may use a combination of the following criteria:

1. Potential ESG risks identified through our Prime ESG and climate ratings, and controversy flags.
2. Potential ESG impacts which are aligned with client desired outcomes.
3. Size of holding.

Roles and responsibilities

Both our Responsible Investment Team and investment professionals identify and implement engagements. Their responsibilities are outlined below:

- **Responsible Investment Team:** The Responsible Investment Team monitors and reviews wider sustainability issues and considers appropriate collaborative initiatives. Where specific sustainability concerns arise, the Responsible Investment Team organises calls or meetings with an issuer, where they will set objectives in advance which will be discussed with the issuer. The Responsible Investment Team shares its perspective directly with investment teams and complete an engagement log (see below). The Responsible Investment Team is responsible for running our thematic engagement programme, which is discussed in more detail below.
- **Investment professionals:** Based on qualitative analysis and research, including proprietary questionnaires developed for specific markets, relevant investment teams identify the engagement issues relevant for specific issuers within their coverage universe. Engagement themes are identified, and relevant targets are set in order to encourage change with each issuer. The ESG-specific performance objectives account for 10-20% of their annual performance evaluation and are referred to in **Section 2**. They require our team of credit analysts to:
  - Evidence ESG risks faced by issuers have been reviewed critically.
  - Ensure ESG ratings are noted and commented on as follows:
    - All '5' ratings (the worst possible in the Prime corporate ESG ratings framework) are commented on and explained.
    - All new issuers/new positions commented on regardless of ESG scores being strong/weak.
  - Undertake company-specific deep dive engagements as agreed with the Head of Credit Analysis.

Thematic engagements

We prioritised key ESG engagement themes for 2024 to ensure we are consistently addressing important issues through our engagement activity. These were discussed and approved by the RIG.

Our prioritised themes for 2024 are outlined below:

- **Climate change:** Climate change is one of the greatest challenges of our time. Governments and businesses are grappling with its implications and the increasing urgency by which emissions need to be reduced.

  As a response to this, Insight became a signatory of the Net Zero Asset Managers initiative in 2022, where we set an interim level for the proportion of assets to be managed in line with the attainment of net-zero emissions by 2050 or sooner.[32] To support this, we will either actively engage with our highest emitters, or ensure they are on a net-zero pathway.

  Through our climate-change engagement programme and our net-zero pledge, we have set a goal to ensure at least 70% of financed emissions for assets within scope are either net-zero aligned or aligning to a net-zero pathway, or subject to engagement, by 2025. In 2024, this characterised 57% of our financed emissions. This is calculated based on the weighted average carbon intensity (WACI) of the holdings covered by our net-zero pledge.

  As part of our net-zero pledge we established a position on thermal coal.[33]

- **Natural capital and biodiversity:** Sources of nature-related financial risk are diverse, ranging from supply-chain disruptions, commodity-price impacts and regulatory compliance costs to rising environmental litigation and insurability risks. Any of these could have a substantial impact on the financial performance of an investment. Whilst some nature-related risks are idiosyncratic and company and location-specific, others are systemic risks that will increasingly impact at the market level. Considering both transmission mechanisms from nature loss into

[32] Insight Investment's net-zero pledge, 31 May 2022, Insight.
[33] Insight's position on thermal coal, 15 July 2024, Insight.

financial risk is key for investors. In practice, these risks are interlinked and often mutually reinforcing; analysis by the Network for Greening the Financial System (NGFS) has highlighted the links between idiosyncratic and systemic risks within capital markets.

Investment risk screening can now integrate nature risk to some extent, as the nature data landscape has evolved significantly over the past 24 months given the impetus of the TNFD. In particular, the enhanced materiality assessment tools provided by the TNFD and emerging corporate disclosures (e.g., under the EU Corporate Sustainability Reporting Directive) should allow for more granular assessment of material nature risks within investment risk screening.

We published a research paper on natural capital risks in corporate bond portfolios, which applied the TNFD framework on a sample of portfolios[34]. This research identified that nature-related risks are many and diverse and could present meaningful risks for investment portfolios. Identifying potential exposures within a portfolio is now possible, given the extensive information available. We were able to identify the key risks across our sample of corporate bonds based on their sectoral allocations and the locations of specific assets.

Water risks were consistently the most material sources of nature risk across the sample, although this is heavily influenced by asset location. Based on this finding, we conducted a research piece specifically focused on water risks in corporate bond portfolios[35]. This detailed why water risks are material and set to increase for corporate bond issuers, how Insight is considering these risks, and set out a proposal for integrating analysis of water risk into investment research and decision-making. We have used this research as a basis for deep-dive engagements with issues which are exposed to water-related risks.

In 2024, we conducted 28 ESG deep-dive engagements with issuers on water-related issues.

- **Labour management:** It is critical to ensure that companies adopt strong labour-management practices, with sufficient safeguards in place to improve livelihoods and support the sound functioning of our interconnected society. Companies also have a responsibility to ensure that their supply chains, which are often long and complex, adopt sound labour management practices in line with their own operational policies. This topic has been given an increasing amount of attention following the emergence of multiple labour management-related controversies, which has led to an increased regulatory focus with the EU Corporate Sustainability Due Diligence Directive (CSDDD). This represents an expansion of our previous focus on diversity and inclusion.

We decided to keep our engagement themes unchanged for 2025.Our stewardship prioritisation approach will be embedded in our ESG research programme, which will help to ensure that our stewardship strategy is backed by research and more clearly integrated in our investment decision-making.

The relevance of human rights

In 2024, we conducted research to understand the human rights-related risks to our investment portfolios and to support our stewardship activities. Our research found that human rights risks are pervasive across sectors given increasing regulatory risk, but they are more prevalent and impactful in some industries. The research found that the financial risks from human rights-related controversies justifies the focus and resources required to develop strong risk-management programmes for issuers in high-risk sectors.

Over the year, we completed engagements with 10 issuers across five sectors focusing on human rights. In 2025, we aim to use this research broaden our engagement programme, focused on sectors with elevated risks and complex supply chains.

[34] Nature-related financial risks in corporate bonds: a case study, 9 January 2024, Insight.
[35] Access to water: a growing risk, 5 August 2024, Insight.

9.3 ENGAGEMENT PROCESS

Meetings with company management (or, in the case of sovereign issuers, the relevant officials) typically provide the most effective and timely opportunities to raise specific issues. Insight's analysts and portfolio managers may use our proprietary ESG and climate risk ratings to engage 'laggard' entities.

It is at the discretion of each analyst when organising a meeting to determine the relevant engagement themes for conversation with an issuer; we do not prescribe engagement, but it is a key part of our analysts' role and typically forms part of their annual assessments. The Responsible Investment Team provides oversight of the analysts' ESG engagements, including company prioritisation and the objective-setting process.

If a direct meeting is not possible, we may seek to follow other routes – for example, for a company we may consider raising the issues with the company's broker or, if appropriate, the chairman. If we do not receive a response from the issuer regarding engagement we may seek to lead on a wider collaborative initiative, via the PRI or by engaging with other investors, to achieve influence.

Impact bond issuance frequently provides bond investors with an opportunity to engage with issuers around funding programmes for environmentally and socially impactful ventures. We view this as one of our main routes for influencing issuers both in terms of the type of issuance they come to market with but also the terms of that issuance.

Stewardship activity is tracked on internal systems and every engagement with a corporate issuer is captured within a template. We have separate templates for Fundamental and ESG engagements.

These engagements help form our investment professionals' views of issuers and provide a platform for ongoing influence to change company behaviour where appropriate.

Furthermore, as a major player in corporate bond markets, we engage with 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 offering TCFD-aligned reporting. Where relevant, we will seek to collaborate with other issuers and through collaborative initiatives and will utilise these networks to engage with issuers for a greater impact. More information on collaborative initiatives is available in **Section 10**.

NEW FOR 2024: ESG ENGAGEMENT PROCESS UPDATES

We undertook a number of activities to enhance Insight's stewardship and engagement programme in 2024. We published our updated Stewardship Policy in April 2024. This policy outlines our view of stewardship and how and why we engage. More detail is provided in **Section 5**.

Engagement selection and prioritisation

Under our approach, the Responsible Investment Team provides additional support to Insight's credit analysts to support them to prioritise companies and material issues for engagements. This included developing sector-specific materiality maps which were used to identify companies which score poorly in the material issues for the sector using our Prime ESG ratings frameworks.

Engagement tracking

Insight has engagement and escalation stages to enable effective monitoring of progress against engagement objectives set. Where we see a lack of progress for financially material objectives, we may choose to progress the issuer through our escalation stages (see **Section 11** for more details). Our engagement stages are outlined in Table 1.

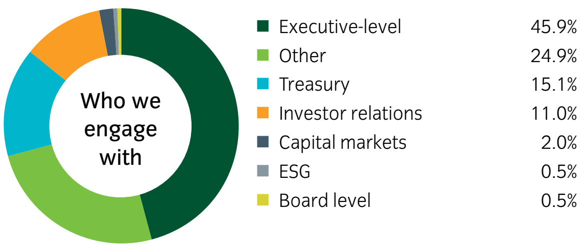
Insight's engagement escalation stages

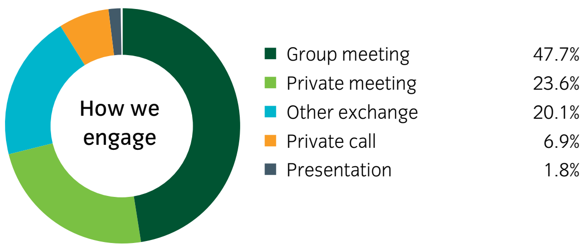
Progression stage	1. Initiation	2. Objective Communicated	3. Company Acknowledgment	4. Evidence of Progress	5. Objective Achieved
Description	Insight has initiated engagement.	Issues have been communicated with the company.	The entity has acknowledged the issue(s).	The company has begun to address the issue by establishing a strategy, or evidence of a change in performance is observed.	The issue has been addressed, where satisfactory outcomes have been achieved, or action has been taken to address the issue.

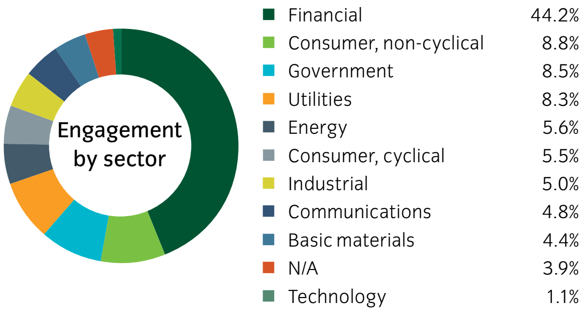
Our template for ESG-focused engagements was updated to include the engagement and escalation ratings, which are a mandatory field for all such engagements. We also strengthened our engagement reporting capability to enable effective monitoring of our engagement and escalation stages. Through our updated reporting system, we can make real-time changes to engagement and escalation stages which enables us to respond to updates from companies.

9.4 ACTIVITY AND OUTCOMES

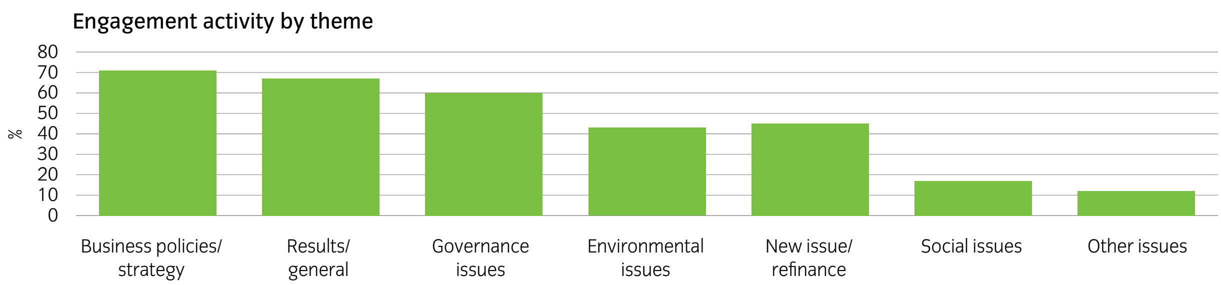
Figure 22: 2024 fixed income engagement activity[36]







- Of 942 engagements, the majority included some form of ESG dialogue
- Companies from 88 countries, including 47 from emerging markets
- 30% of our meetings were Insight-only
- 47% of our meetings include the board or senior management



[36] Source: Insight as at 31 December 2024. For illustrative purposes only. The applicability of Insight firm level ESG engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved. Some numbers do not total 100.0% due to rounding.

Information on the integration of ESG factors within our investment processes, across different asset classes and strategies, is provided in **Section 7**. As explained in that section, the majority of Insight's assets are focused on risk management (LDI) strategies. These typically consist of high-quality bonds, backing assets and derivatives. The fixed income strategies we manage are typically focused on single asset classes, while our multi-asset strategy invests in equity, fixed income and other markets, with some of this exposure via derivatives. The structure of this section broadly reflects these asset classes.

ENGAGEMENT IN FIXED INCOME

Sovereign debt

UK government bonds (gilts)

As one of the largest buyers of UK gilts, on behalf of our clients, regular dialogue and engagement with the UK DMO is a key activity that Insight undertakes. We attend quarterly meetings alongside other investment managers to share our views, alongside ad-hoc meetings to discuss specific topics of interest to our clients.

We continued our engagement with the UK DMO on green gilt issuance; however, given the change in government during 2024, there were fewer opportunities to engage.

In 2025, we plan to continue our engagement with the UK DMO. This will include monitoring and assessing whether the UK will have any issues in meeting its net-zero targets given the changing policy environment.

Global sovereign bonds

The relevance of ESG factors for sovereign bond performance continues to lag behind corporate markets. This is particularly the case for more developed market sovereigns, where there are less clear linkages between ESG factors and sovereign credit risk. In emerging markets, there is clearer scope for differentiation and the Russian invasion of Ukraine provided a timely reminder of some of the risks which do exist.

In 2024, we continued to use bond roadshows, periodic meetings, panel forums and small group meetings to engage with sovereigns – usually through the relevant Ministry of Finance or DMO. We were also involved in the PRI's collaborative engagement pilot with Australia, which is working to establish best practice for sovereign engagement, systemic risk management by government bondholders and investors in Australian assets, and supporting the 'enabling environment' for net-zero alignment in Australia in line with the government's stated ambitions and mandate.

We also asked the Investment Association (IA) to hold a member discussion on how asset managers should be engaging with sovereigns. This discussion took place, and it was agreed that the approach to sovereign engagement shall be supported by the work of the IA Climate Change Working Group.

CASE STUDY: Discussing the Australian Federal Government and Treasury's role in the energy transition

Background: The Australian Federal Government and Treasury provide advice and implement policies and programmes to achieve strong and sustainable economic and fiscal outcomes for Australians. We participated in a PRI-led collaborative engagement to discuss the sovereign's net-zero strategy and Nationally Determined Contributions (NDCs) to aid the reduction of climate-related risks associated with sovereign bonds.

Engagement discussion and findings: The engagement highlighted the next NDCs as a significant opportunity to encourage investment in transition at a larger scale. The key features that participating investors are looking at were highlighted; headline emissions reduction targets in line with the Paris Agreement goals and consistent with the country's net-zero target, and for plans to be credible and grounded in terms of how they will be achieved in economic, financial and financing terms.

We brought up ASCOR as a tool used by investors to determine alignment or misalignment, aiding in investment decisions. In particular, we noted how ASCOR is used for making peer comparisons in the investment decision-making process.

The Treasury affirmed that these requests are aligned other stakeholders, recognising the government's decision to have a 2050 plan and its consistency with investor perspectives. The representative from the sovereign's Net Zero Taskforce emphasised the importance of continuous discussion on the best ways to reach net zero and acknowledged the challenge of sharing government plans due to their contested nature. However, the representative committed to sharing plans when and where possible.

They also outlined the industry pathway development process and that these would underpin the net-zero strategy, NDCs and the 2035 target. The representative noted that these were being developed across an 18-month timeframe which was relatively short, and the intention of the government was to try meet the UNFCCC timelines for the next NDCs submission of February 2025. The representative noted, however, that the next national election may cause some disruption to this. We acknowledged this. As at the end of February 2025 this had yet to be submitted, per the UN NDC Registry[37].

Outcome: We recommended that the sovereign becomes more familiar with the ASCOR framework and integrates this into plans going forward. The PRI collaborative engagement was positive and we intend to participate in future engagements to progress the conversation.

Insight has participated in follow-up meetings with the Treasury focusing on implementation of the Sustainable Finance Strategy, plans for whole-of-government climate-related financial disclosure and updates to Australia's emissions targets under the Paris Agreement.

As part of the pilot, we have also participated in engagements with the Department of Industry, Science and Resources; the Department of Climate Change, Energy, the Environment and Water; and national regulatory authorities focusing on whole-of-government implementation of Australia's climate policy and the ongoing development of the revised 2035 emissions reduction plan.

[37] Nationally Determined Contributions Registry, UN.

CASE STUDY: Investigating Germany's decarbonisation trajectory

Background: We engaged with the German Finance Agency to discuss updates to the green finance programme after post-issuance reporting was released.

Germany's decarbonisation plan, which aims to become climate neutral by 2045, is strongly linked with the country's progress to phase out thermal coal. Following Russia's invasion of Ukraine in 2022, Germany replaced Russian gas deliveries with coal due to its availability and low price.

Germany differs from the stance of many other European countries on nuclear power generation, due to concerns for human health relating to the shortage of storage solutions for nuclear waste management.

Germany has a high risk of river and coastal floods. The OECD highlighted in 2023 that in Germany the direct damage recorded from climate-related hazards per unit of GDP from 2005 to 2021 is among the highest in the OECD countries, with flash floods causing 230 fatalities and more than €71bn in total damages in 2000-2021.

Engagement discussion and findings: Germany claims to be on track towards its goals to phase out power production from coal by 2038 and to cover 80% of energy generation with renewable sources, as about one third of the sovereign's total emissions are from energy generation.

Germany considers natural gas as fundamental to replace coal and to manage the transition. Part of its green bonds' proceeds is directed to further research on the efficient production and transmission of hydrogen. To reach its long-term targets, Germany also needs to increase the number of carbon sinks and develop technologies to improve energy efficiency.

Some German economic activities are particularly exposed to water stress as they rely on waterways transportation. Germany's post-issuance report highlights how projects financed by the bond often generate co-benefits for biodiversity (e.g., regenerative agricultural activities can improve ecosystem health). The bonds have not, however, contributed to projects specifically targeting biodiversity and the achievement of SDGs 14 (Life Below Water) and 15 (Life on Land) so far.

Insight made recommendations to improve the sovereign's green bond framework and post-issuance reporting. For example, due to the relevance of rivers as transport routes, Germany should give additional attention to water risks in its post-issuance reports. Germany should also provide more comprehensive reporting on the benefits for biodiversity generated by the bonds.

Outcome: Germany has a strong green bond framework, in our view, with clear definitions of the categories of eligible projects and the exclusions, and a well-structured oversight process for the allocation and management of proceeds. Insight will monitor Germany's progress towards its decarbonisation targets, particularly concerning the development of additional renewable energy capacity and coal phase-out.

CASE STUDY: Engaging with Mexico to enhance the social development of the country through its SDGs Bond Framework

Background: We engaged with the Mexican Ministry of the interior and Treasury representatives of the country's SDGs Bond Framework programme. Our assessment identified a robust framework, aligned with the International Capital Market Association (ICMA) principles. The social and environmental benefits are clear and the targeted populations are well defined, in our view.

In 2015, the Government of Mexico signed the 2030 Agenda for Sustainable Development. In 2022, the sovereign strengthened its efforts, setting a target of a 35% reduction in emissions by 2030. A main goal of the government is to improve living conditions, human development and the level of well-being of all Mexicans.

Engagement discussion and findings: Around 80% of the bond's proceeds have financed social projects, mostly aligned with SDG 3 (Good Health and Wellbeing) and SDG 4 (Quality Education), and also in line with the yearly governmental budget lines. The SDG bonds are part of the country's 2023 Strategy for the Mobilisation of Sustainable Finance, whose objective is to reorient financing from public and private sources to develop activities and projects that generate positive impacts on the environment and society.

It is currently unknown if the 2025 budgetary line will allow increased spending for environmental projects. Mexico is particularly vulnerable to water risks, especially on its Pacific Coast, and it is typically the Mexican navy that takes care of infrastructure for the coastal environment, including measures to mitigate the risks of natural disasters. It is unlikely that the proceeds of the SDGs bonds will contribute to such risk management.

Outcome: Overall, Mexico's SDG bond framework is strong compared to peer frameworks, in our view, with a robust governance structure, relevant exclusions and strong definitions of the criteria used to identify eligible projects. A more detailed report of the generated impact would be beneficial, but Insight recognises the difficulties in measuring social KPIs. We will monitor the issuer's progress in future allocation and impact reports.

Corporate bonds

Engagement with issuers is a key part of our fixed income investment analysis and monitoring and is an important part of our approach to responsible investment. 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.

We make sure our credit analysts have clear incentives to maintain their focus on financially material ESG factors; they understand that integration of these factors into their research gives them a better understanding of the short and long-term risks which could materially impact the default risk of a company, while also helping them select the securities that may perform better in the medium to long term. These incentives are reflected in the performance appraisal process.

As part of our process, for companies where information provided by external providers is lacking, we send out questionnaires that include questions on ESG risks. Our Responsible Investment Team is responsible for rating impact bonds, and members attend the daily morning credit discussions around new issues to support the analysts to understand if any new impact bond issuances have any impact benefits, while also maintaining a financial focus on risk and reward.

Our credit analysts also have a requirement to carry out ESG engagements. In order to fully meet expectations, our analysts must carry out a minimum of two such engagements. To be classified as an ESG engagement, the conversation with an issuer must have clear objectives and should focus on ESG issues. Analysts must document the engagement using the ESG engagement template, which is separate to the credit engagement template used for fundamental engagements.

CASE STUDY: Engaging on a global energy company's net-zero alignment and carbon offsetting approach

Background: The issuer is an energy company that produces and markets fuels, natural gas and electricity, with operations across Australia, the US, Canada, France and the UK. Our engagement with the issuer was part of our climate engagement programme, which seeks to engage with the largest contributors to financed emissions in respect of assets managed by Insight.

We initiated this engagement with the issuer after the Transition Pathway Initiative (TPI) rated the issuer's net-zero targets as misaligned with the Paris Agreement. We sought to clarify how the issuer's long-term strategy aligns with a net-zero scenario following this assessment. We also engaged on the issuer's use of carbon offsets and how it mitigates greenwashing risks.

Engagement: We asked the issuer about its net-zero targets and why it still believes it will be net-zero aligned over the long term. The issuer said that it considers its targets aligned with a net-zero future and stated it was in discussion with TPI about a change to TPI's methodology, which now incorporates the trading of oil and gas products in the measurement of emissions. The issuer believes this practice is inappropriate and believes it is akin to double counting. The issuer also stated it is continuing to invest in renewables.

We asked the issuer about its continued financing of oil and gas projects and when it expects this to fall significantly. The issuer responded that it has no current plan, and stated that capital expenditures for renewables have reached a third of its total. The issuer considers oil and gas as still necessary due to the projected increase in demand over the next decade, including the exploration of new areas. However, every new oil and gas project must decrease the overall carbon intensity of its portfolio before it is approved.

With regard to its carbon-offsetting strategy, the company confirmed it does not buy credits, and it has an expert in-house team to carefully analyse and select offsetting projects. The company also revealed it is experimenting with a promising technology under the carbon capture and utilisation category and involves using the gas and green hydrogen to produce e-fuel.

Outcome: We believe the issuer is a leader in terms of renewables capacity and are comfortable it remains committed to its decarbonisation plan. We encouraged the company to reach out to TPI and request an update of its assessment. It has since updated its measurement of GHG emissions and explained that the targets consider trading-related emissions.

CASE STUDY: Engaging with a European bank on its executive remuneration and employee engagement

Background: The issuer is a Spanish bank offering services to individual and business customers, such as current and savings accounts, debit and credit cards, consumer and commercial loans and has a national network of more than 1,000 branches. The issuer recently merged with another bank, which threw up issues around its board.

We previously engaged with the issuer on these issues. These problems have largely been resolved and the changes meant the issuer has received higher ratings from ratings agencies.

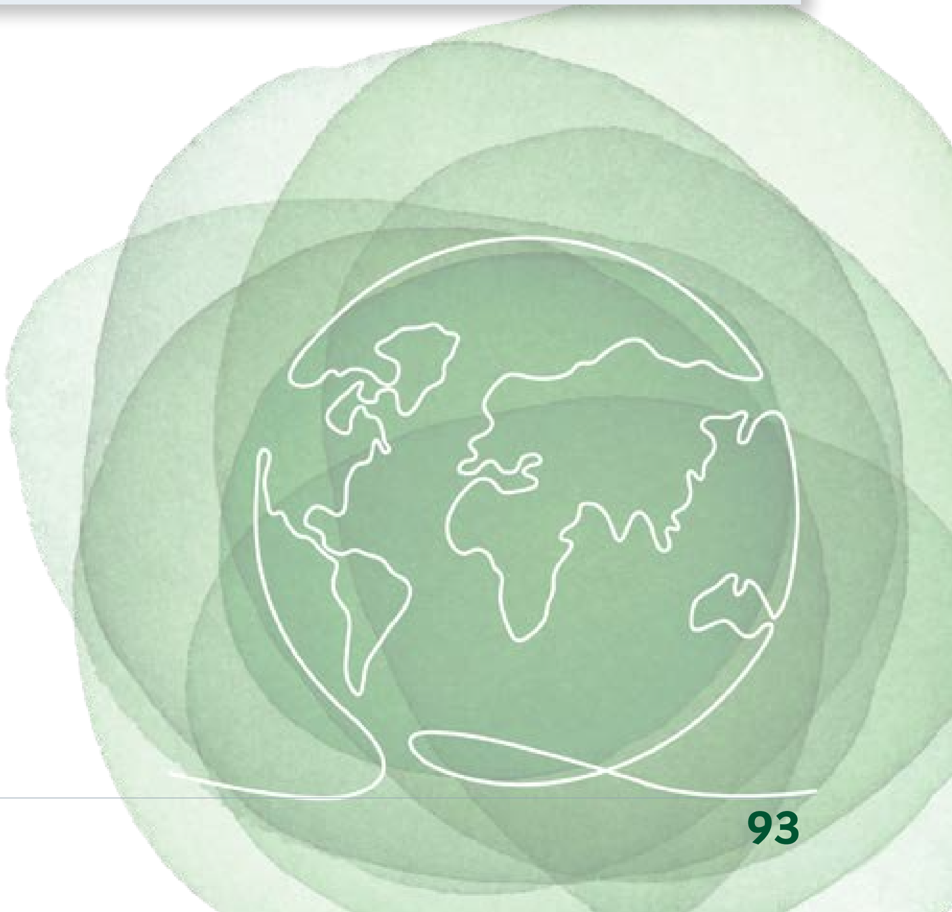
Our Q3 2024 engagement focused on governance and social matters. On social matters we engaged to assess the issuer's labour-management policies, specifically around its efforts to conduct an employee engagement survey and report its engagement results by department and split scores by gender and other characteristics. On governance, we engaged on increasing the weight of ESG metrics in its executive remuneration, which is currently 5% of variable pay.

Engagement: The issuer stated during the engagement that ESG matters are much more of a focus for the new board in general and the issuer has now included ESG risk metrics in the risk management framework. We followed by asking if ESG is linked to executive remuneration. The issuer stated it has implemented changes to executive remuneration and executives now must meet collective and personal targets, the weights of which are higher for senior levels. For C-suite board members, collective targets are 90% and personal targets are weighted at 10%. For the board of directors, ESG makes up 5% of overall variable pay. The issuer appreciated this is low and stated it is hopeful these weightings will increase in the future.

On its labour management, we asked the issuer about the challenges of merging two different cultures. The issuer stated it developed a plan in November 2023, which is focused on different dimensions of human capital, including managing talent and the processes around doing so. The issuer also states that it wants to launch a new model of service to employees with a more structured performance development plan and clear career trajectories. The plan has gone to its board of directors, has been approved and is currently being implemented.

We asked the issuer how it currently assesses employee performance. It stated historically its performance evaluation focused on meetings with managers, but it is seeking to changes this and make it more formal. The issuer is also planning to implement an annual engagement survey.

Outcome: The issuer has made some good progress since our last engagement in Q3 2023, mainly on governance matters related to the board and ESG-linked remuneration, but it is still lagging behind peers in some areas of its policies. We will continue to monitor and will re-engage in the future to understand progress.



CASE STUDY: Understanding a chemicals company's water risks and product footprint

Background: The issuer is one of the world's largest and most diversified chemicals producers, with extensive operational, product, technological and geographical diversification. We engaged with the issuer on scope 3 emissions, water management and disclosures of hazardous chemicals in its product footprint.

On its water-management policies, the issuer operates in an industry which has high water impacts. We conducted some mapping using the World Resources Institute Aqueduct tool to identify sites which operate in areas of high water risk, according to which around 25% of the issuer's sites are in areas of high-water stress.

On its product footprint, we sought to improve the issuer's disclosures of hazardous chemicals, particularly a subset known as PFAS (Per- and Polyfluoroalkyl Substances). PFAS are water and oil repellent and are used in many industrial processes. PFAS accumulate in the ecosystem over time and can permeate into drinking water sources. We noticed that Chemsec (an external rating company that scores chemical companies) limits the issuer's score due to its disclosures around hazardous and persistent chemicals.

Engagement: We recognise that the issuer has made progress in terms of setting a target for Scope 3 category 1 emissions (for the purchase of raw materials). This target is to reduce Scope 3.1 emissions by 15% by 2030 compared to a 2022 baseline to achieve net zero emissions by 2030. However, the issuer has failed to set a target on the remaining portion of its Scope 3 emissions. The issuer has over 45,000 products which makes it difficult to track and monitor each end use. As a result, the issuer states there are complexities that will take time to overcome in order to report its full Scope 3 emissions.

A large part of the dialogue focused on PFAS. We suggested that the issuer sees what can be done to improve its Chemsec score. The issuer responded it is engaging with Chemsec but has a different view on hazardous chemicals. For example, Chemsec has penalised the issuer's score due to certain chemicals in the product portfolio which the issuer does not produce, but Chemsec has asked the issuer to make a public statement.

On its water risk, we asked if the issuer has site-specific water targets for sites located in areas of high-water stress. The issuer revealed it is done on a site-specific basis and would need to clarify with each site on its local targets. The issuer revealed it is changing a previous target focused on reducing its water demand to an impact target (e.g., to have a net positive impact on water), a practice in line with some other peers.

The issuer recognised that it is looking to improve transparency, whilst looking for upcoming developments relating to the Corporate Sustainability Reporting Directive.

Outcome: We acknowledge that the issuer operates in a high-risk sector from a climate and water standpoint, and appreciate the company has comprehensive reporting in these areas.

We will monitor whether the issuer will set a Scope 3 target to cover raw materials emissions when low-emissions alternatives become available. However, until that point, the issuer's Prime net-zero rating is unlikely to improve, which could impact its suitability for portfolios with embedded net-zero targets.

CASE STUDY: Investigating a multinational power company's water stress

Background: The issuer is a multinational manufacturer and distributor of electricity and gas. We have engaged with the issuer on several matters historically, including on its net-zero objectives and governance structure.

We initiated the engagement after our water research indicated the company has a large number of sites in areas of high-water stress, such as Italy, Spain and Chile. We wanted to understand the issuer's awareness of this risk and their mitigation efforts.

Engagement: On its overall water risk, the issuer relayed that it sees water risk as less of an issue than previously, because it has lowered its use of coal and nuclear to generate electricity. The company confirmed its water requirements are decreasing, and its overall water consumption has declined.

On its water stress, the issuer has made specific targets for water withdrawal across its entire operations. It confirmed it is seeing large reductions in water withdrawals from its operations in recent years.

In addition, the issuer said that it believes any issues with water will be solved naturally because, historically, the primary usage of water in energy generation resulted from coal and nuclear operations. The issuer's use of both nuclear and coal in energy generation has declined, while its use of renewable technology has increased, which is much less water-intensive. As a result, the natural consequence of the issuer's decarbonisation plan means the company's water stress will decline. For its remaining thermal plants, the issuer confirmed it is using improved cooling water management, which was prompted by the Italian drought in 2022, which forced the issuer to find new ways of saving water. Techniques it cited include developing drones to clean photovoltaic solar panels without using water, and increasing the use of wastewater wherever possible.

Outcome: On water risk, although the issuer flagged as high risk under our water screening due to the number of assets located in high-risk areas, the company's decarbonisation strategy is helping it to reduce this risk due to lower water requirements for renewables compared to coal, natural gas and nuclear. We will monitor any updates the issuer has in terms of their coal and gas phase-out plans.

CASE STUDY: Progressing human rights and modern slavery risk assessments with a bank

Background: The issuer is a major retail and commercial bank with operations in the UK. It registered a significant increase in climate and sustainable funding and financing year-on-year from 2022 to 2023. The issuer retains a dark green rating for its green bonds under our proprietary impact bond assessment framework due to strong ESG performance, highlighted by performing well on our counterparty sustainability assessment programme, with well-defined use-of-proceeds categories that we deem likely to have a positive impact.

Engagement: The issuer has plans to allocate 50% of the net proceeds of its green bonds to refinance existing mortgages, with the remaining 50% allocated to financing new mortgage products over the next 12 months.

Human rights is an increasing area of focus for the issuer as evidenced by its publishing of its salient human rights issues as part of its reporting responsibilities under the UN Guiding Principles on Business and Human Rights. The issuer expects to improve on its score in the next BankTrack Human Rights Benchmark, which assesses commercial banks on the extent to which they are implementing the Principles: in 2024 the issuer was categorised as a "Follower" (the possible categories are Leader, Moderate Achiever, Follower and Laggard).

The issuer has a focus on modern slavery and has been accredited as a global living wage employer. During 2023, it developed standalone criteria which apply requirements around human rights due diligence for sectors with heighted human-rights risks. This includes a sustainability questionnaire and escalation process, and considers the supply chain, the EU CSDDD regulation, and seeks to identify examples of best practice. In our view, this approach represents best-in-class practice when it comes to assessing human-rights risks in lending activities.

Outcome: Following this engagement, we reviewed the issuer's human rights approach again through our counterparty sustainability assessment programme.

Our assessment highlighted further progress and reiterated the strength of the approach to human rights risks that the bank carries out. It was highlighted that the bank considers relevant KPIs to monitor the management of modern slavery risks in its operations and supply chain. We consider the BankTrack assessment to not fully reflect the issuer's human rights performance and would expect its score to improve in the next set of results.

Focus: Emerging market corporate debt

Much of emerging market corporate debt is at an earlier stage in its ESG journey relative to developed market investment grade debt. There is huge potential for positive change both in terms of a company's ESG risk profile and its support of the UN SDGs, so we take a forward-looking approach when analysing issuers and their ESG risks, rather than focussing purely on historical performance.

We analyse ESG risks across issuers, looking at how these risks are managed in practice, and the direction of travel. We avoid issuers where the ESG risks are material, there is no plan to adequately address them, and/or those risks are not reflected in trading levels. Conversely, we do lend to issuers that currently, or are taking steps to, mitigate material ESG risks. That includes those issuers who may not manage their ESG risks very well today but have a credible and measurable plan to materially improve over the coming years. Such companies may have been subject to an ESG controversy, or suffered governance weaknesses, or face environmental concerns, and thus trade at a premium (meaning it is more expensive for the company to issue debt relative to peers). Where those issuers exhibit a commitment to change, we will discuss with them how they might address their ESG problems. By partnering with the issuers, we are able to capture some of the structural credit and sustainability improvements that we believe are on offer in emerging markets.

CASE STUDY: Aiding the efforts of an emerging-markets oil company to improve its sustainability plan

Background: The issuer is a nationally owned petroleum producer of a Latin American country. We engaged with the issuer as part of a collaborative investor group. In March 2024, the issuer published the most comprehensive sustainability plan in its history. The investor group acknowledged the significant progress the plan represented and provided feedback on several items, which we view as critical to achieving the targets outlined in the plan.

We engaged to understand how the issuer is implementing its plan. Our engagement focused on emissions, more specifically improving the issuer's methane emissions disclosures and its flaring intensity. The latter is more than double the average of the top 50 national oil companies. The issuer uses emissions factors, typically at the reporting segment level, to estimate methane emissions, which we believe may risk underreporting.

We also discussed its net-zero plans, specifically its capital investment plans and progress on its marginal abatement cost curve implementation and carbon pricing plans. Marginal abatement cost curves are graphs that indicate the cost associated with the last unit (the marginal cost) of emission abatement for varying amounts of emission reduction. Implementing such analysis is considered industry-leading practice, and the company implemented this in its most recent sustainability report.

Engagement: On its methane emissions disclosures and reporting, the issuer acknowledged that its methodology for calculating methane emissions introduces significant risk for underreporting. We reiterated our recommendation to improve methane and flaring emissions disclosures and action plans, including joining the Oil & Gas Methane Partnership (OGMP) 2.0. The issuer also acknowledged the importance of flaring, venting, and methane emissions projects on overall carbon emissions.

On the implementation of pricing mechanisms, the company has not yet formally established carbon pricing mechanisms. However, we expect carbon pricing to be implemented in the short term. We shared examples from peers and carbon pricing, and encouraged the company to establish an initial process and price, with escalation and proliferation across business segments over time.

Regarding its implementation of marginal abatement cost curve analysis, we discussed how the corporate has identified and prioritised projects and the capital allocation process for selection of projects. The issuer acknowledged the importance of flaring, venting, and methane emissions projects to have a significant impact on carbon emissions.

Outcome: The company was responsive to our recommendations and continues to pursue improvements across several sustainability issues. Our engagement strategy is to work both collaboratively and directly to encourage the company to make incremental improvements on issues including developing an internal carbon pricing mechanism and disclosing progress on marginal abatement cost curve implementation.

CASE STUDY: Examining a renewable energy producer's water policies

Background: The issuer operates an energy portfolio of power plants generating renewable energy, most of which are hydroelectric power plants. The issuer does not currently have targets for water risk, water consumption or water pollution, despite operating in a country that is facing water risks and experienced a significant drought in 2021.

We engaged with the issuer because we believe it needs to make progress on setting and reporting longer-term goals on operations related to water risk, as well as reporting on the risk associated with droughts that could impact the regions in which it operates. The issuer has assets in some Eurasian regions which have been flagged for climate risk due to the risk of droughts.

Engagement: We asked the issuer how it accounts for drought risk. The issuer offered details of assessments that it has conducted: for example, the issuer's management has performed an assessment with relevant government bodies that drought risk is relatively low over a 10-year timescale. There is little evidence of longer-term assessments, however.

We asked the issuer about its view of a specific recent drought in one of its operating regions, and it said this was an outlier year, but it triggered management to engage in partnerships with universities to consistently monitor hydrology conditions on an annual basis. The monitoring activities include assessing water body flow, capacity releases and extreme weather modelling.

We also asked the issuer if it had any key operations aside from its hydropower plants that influence its water consumption. The issuer replied it measures wastewater usage outside of its hydrogeneration activities, including water consumed in its head offices and water used in the energy productions process. The issuer stated total water consumption decreased 15% year-on-year from 2022 to 2023. The issuer also organised awareness-raising trainings for company employees on reducing water use. These trainings aim to manage water use effectively and efficiently, reinforcing the company's commitment.

Outcome: We believe the issuer needs to improve on goal-setting and reporting on longer-term water issues, and the risk associated with droughts that could impact the regions in which it operates. Whilst the issuer is taking steps to address water management-related issues, the risk will remain high unless the company's energy mix or geographical locations of its operations change significantly. We expressed to the issuer our preference to initiate annual reporting on water risks in the areas in which it operates.

Secured finance

Awareness of ESG issues across secured finance assets continues to grow, and we believe Insight is leading efforts to encourage issuers to consider and disclose ESG risks.

We may consider ESG factors as part of the fundamental analysis undertaken on originators, structuring of deals and risk and impact profile associated with underlying assets, 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.

We also seek to understand the wider sustainability risks to which secured finance assets themselves may be exposed, such as demographic, market, regulatory, technology and climatic changes. Determining ESG ratings for secured finance securities can be complex, as explained in **Section 7**.

- **Consumer loans/mortgages:** For securities we analyse ESG risks and impacts based on underlying pools of consumer loans (such as credit card debt or auto finance) and residential mortgages, originators vary in their ability and willingness to provide ESG data on the underlying assets. In 2021/2022 we engaged with standard setters such as the Structured Finance Association to promote wider disclosure by issuers, but use a range of sources to assess risks and impacts as disclosure continues to evolve.

  In 2024, we participated in the PCAF Secured Finance Working Group, which aims to create standardised disclosures for financed emissions associated with this asset class.

- **Commercial real estate (CRE) loans/mortgages:** CRE loans are typically issued on a single commercial property. This means it is relatively straightforward to ascertain relevant ESG risks. For example, environmental audits on large buildings are typically available for review. ESG disclosures on the underlying assets for CRE loans are typically extensive and we take these into account as part of our investment analysis.

Commercial mortgage-backed securities (CMBS) derive returns from an underlying pool of commercial mortgages, and so face similar challenges to RMBS, with limited ESG data available on the underlying pools. There are exceptions, with 'green' CMBS coming to market and offering environmental data on the underlying assets.

- **Collateralised loan obligations (CLOs):** CLOs purchase a pool of senior secured bank loans, made to sub-investment grade businesses. They issue debt in tranches, with differing risk/return profiles derived from the seniority of the claim on the cashflows generated by the underlying loans.

  The structure of CLOs means investors usually depend on the originator to provide data on underlying loans, and ESG data disclosure has historically been limited. Nonetheless, disclosure continues to evolve as deals increasingly incorporate ESG performance criteria (such as exclusion thresholds).

  Given the structure of CLOs our focus is both on governance of material ESG risks and impacts by the CLO manager, as well as the ESG characteristics of the underlying deal.

  We intend to encourage greater ESG disclosures across CLO issuance, following the progress we have made on consumer and commercial loans previously. One example of this is Insight's work leading production of a handbook on CLO climate and sustainability reporting in October 2023 together with a number of CLO industry working groups.

- **Direct lending:** Many companies seek to borrow money from non-bank lenders. Such loans are typically illiquid and therefore offer higher yields than more liquid assets, all else being equal.

  For any direct lending, we ask borrowers to provide information on ESG risks to which they are exposed, and how they manage them. If a borrower does not provide this information, we decline the loan. Credit analysts and portfolio managers therefore have clear incentives to ensure that borrowers provide the necessary information on ESG factors.

  Insight is a member of the European Leveraged Finance Association (ELFA). Insight is co-chair of the organisation's Loan Investor Committee and a member of the ESG Committee. We also increased our participation in 2023 by joining the Diversity, Equity and Inclusion Committee.

CASE STUDY: Working with a UK mortgage lender

Background: The issuer is a buy-to-let (BTL), bridging and second-lien mortgage lender. We are a regular investor in their public securitisation programme for residential mortgage deals in the UK.

This engagement focused on the availability of Energy Performance Certificate (EPC) improvement loans for consumers, new products, reporting of ESG data and the potential introduction of green tranches to the issuer's securitisation program.

We were interested to see whether the issuer would make further ESG data available in its reporting going forward and what would be required to facilitate this.

Engagement: The issuer has recently introduced a green lending product in their buy-to-let range to properties with A-C EPC grades. During the past year the issuer extended this range into their second-charge loans range (a second-charge loan allows homeowners to use equity in their property as collateral for an additional loan, without changing their existing mortgage).

The issuer is now looking at the potential to expand this range to properties below A-C which can aid improvement to the A-C range as BTL properties will have minimum EPC requirements in the future.

The issuer highlighted that it provides full carbon-emissions ratings on its lending and, as evidenced from their year-end accounts, the issuer has shown improvements in emissions year-on-year since these were first recorded in 2021.

Outcome: We will follow up with the issuer through 2025 to assess its progress in lending for home-energy efficiency improvements and would like to see quantitative measures to assess its progress.

The issuer has noted other steps it has taken with regard to office improvements, a board with a range of skills and experience, and its active role in participating within the local community. The issuer is addressing sustainability in its strategy and we acknowledged the steps taken. In the meantime, we will continue our dialogue with the issuer on ESG-related topics.

US MUNICIPAL BONDS

Historically, engagement has been challenging within municipal bond strategies, with less access to management typically than for corporate issuers.

We have engaged in collaborative engagement focused on US municipal bond issuers. See **Section 10** for information on the CDP Municipal Disclosure Campaign.

DERIVATIVES

Investing responsibly includes taking all relevant and material risks into account. With this in mind, ESG considerations are important factors in respect of the investment securities and instruments held, and the derivative counterparties used in our LDI strategies. We have a large derivative book of business which is highly dependent on relationships with counterparty institutions. We speak daily to many of our counterparties on a variety of issues which holistically informs our trading relationships. Engagement is therefore a core part of business-as-usual operations, and ESG risk assessment and engagement with counterparties is a long-standing part of our credit research process, particularly focused on the entities from the perspective of them issuing debt.

The ESG risks borne by derivative counterparties are considered within our CRG meetings, as indicated by our Prime corporate ESG ratings. Our aim is to ensure that the ESG ratings of counterparties are fully incorporated into our discussions with those counterparties, focusing on those with the worst ratings.

Analysis and engagement with counterparties are important in helping mitigate investment risk for clients.

Another area we consider key is supporting sustainable markets; Insight works with regulators and policymakers seeking to help manage regulatory and legislative risks effectively for our clients. See **Section 4** for more information on our work in these areas.

The Solutions Responsible Investment Working Group has a specific remit to focus on responsible investment issues for the LDI strategies and mandates we manage, which includes their use of derivatives. More information on this group and its activities are provided in **Section 2**.

Counterparty engagement programme

We believe that the banking industry can have both a direct and indirect impact on systemic sustainability issues such as climate change and nature. Financing companies gives banks a degree of control over the allocation of capital both towards and away from specific industries. We therefore see banks as being systemically important organisations and engagement on these issues can help to support the long-term sustainability and resilience of financial markets. Our counterparty engagement programme addresses systemic sustainability risk and also adds further structure and focus to our efforts to reduce counterparty ESG risk and achieve positive outcomes for our clients.

To ensure that the ESG performance of our significant financial counterparties is subject to appropriate oversight, we made enhancements to our counterparty engagement process with the objective of achieving a greater level of impact in our engagements with entities in their capacity as counterparties. This programme went live in 2022 and is overseen by the CRG, which is chaired by Insight's CEO. We continued the programme in 2024 and sent the second iteration of our Sustainability Assessment Questionnaire to our 25 largest counterparties.

This programme's approach is to assess our core trading partner counterparties' sustainability performance through a bespoke Sustainability Assessment Questionnaire, which is issued every two years. The first iteration of the Sustainability Assessment Questionnaire focused on four areas: environmental factors, remuneration, diversity and cyber/data breaches. We enhanced the questionnaire in early 2024 to respond to the changing ESG landscape. The new questionnaire is structured around the following sections:

- Climate change
- Natural capital
- Human rights
- Diversity
- Business ethics
- Pay

The change in questions in the 2024 version of the questionnaire reflects the changing landscape around ESG which has increased regulation and stakeholder expectations across a number of topics.

We were pleased to receive responses back from the majority of counterparties. We developed a bespoke scoring approach which was applied to the questionnaire to benchmark each of the counterparties' performance across the key themes. This scoring was then used to identify companies for engagement.

So far, this has led to 11 engagements across eight counterparties as part of the 2024 questionnaire assessment. We continue to issue feedback reports to each counterparty which provides banks with tailored recommendations on their sustainability performance based on their responses and reviews of available policies. We are looking to build on the relationships we have developed with the counterparties through both phases of our programme and will continue our discussions with prioritised banks in 2025.

Engagements have provided an opportunity to discuss the findings from the benchmarking exercise in more detail and to provide recommendations to improve. We are monitoring the progress of the counterparties and continue to follow up where necessary.

No actions are to be taken (or sanctions imposed) that contradict the requirement to maintain appropriate market access and market liquidity. The removal of a trading partner is considered to be the last resort.

CASE STUDY: Analysing a counterparty's approach to natural capital

Background: The issuer provided answers to our Counterparty Sustainability Assessment Questionnaire in Q2 2024. We have used these responses to conduct benchmarking of our 25 largest banking counterparties to understand how ESG risks are managed by the organisation. We produced a feedback report for the issuer which was based on comparing responses from the benchmarking exercise, where we analysed discrepancies between counterparty responses to the questions.

We engaged with the issuer to discuss our analysis on the issuer's responses to our counterparty ESG questionnaire where it has historically performed poorly. The engagement focused on issuer's disclosures on the impact of financing on natural capital, specifically deforestation, and the issuer's commitment to decarbonisation initiatives via green and social bond issuance.

Engagement: We informed the issuer of several questions about how it assesses the impact of its activities on natural capital and biodiversity. Based on the company's response to the questionnaire and the issuer's disclosures and policies, the issuer did not use any industry-established tools, and neither did its answers indicate that it leverages geospatial data to inform assessments.

The issuer replied that the analysis underpinning the assessments of company performance is more sophisticated than the disclosure suggests. For example, the issuer has developed a proprietary biodiversity assessment internally using the datasets from industry-leading tools. Although this is reassuring in practice, we have highlighted the need for disclosures to outline this approach in more detail.

On its deforestation approach, we indicated to the issuer that some elements of its deforestation policy could be improved and do not seem trigger immediate exclusion of financing activities which are responsible for net deforestation. In its policies, the issuer "expects" clients to have a Forest Stewardship Council (FSC) certification, but its absence would not mean a client could not receive financing. We informed the issuer that, at least for baseline standards such as FSC certification, we prefer a more direct approach, with clear exclusions set for deforestation.

The issuer's responses to our questionnaire indicated the issuer does not have a clear approach regarding clients that are subject to the EU Deforestation Regulation, nor does it assess whether these clients are responsible for net deforestation. The EU Deforestation Regulation could lead to fines for such clients and create reputational risk for banks providing finance. We communicated to the issuer that we expect EU Deforestation Regulation considerations to be part of the due diligence of clients going forward. The issuer seemed appreciative of this feedback.

Outcome: Whilst the issuer did not perform well in the counterparty questionnaire, due to weak policies and disclosures, it has actively engaged with us and provided access to several senior-level stakeholders at the bank. We appreciate the issuer facilitating a productive discussion. We believe the issuer has made some progress in several areas on sustainable financing and natural capability considerations.

However, disclosures in these areas are poor, and the issuer has failed to set exclusions or highlight red lines for clients, particularly regarding deforestation. We have fed back what we see as best practice in the industry in this area. Overall, we are comfortable that despite some of the issues the bank faces, it is more engaged than some of its counterparts. We delivered a feedback report to the issuer, and we look forward to continuing our engagement in the future.

MULTI-ASSET

Information on our approach to stewardship within our flagship multi-asset strategy is provided within **Section 7**.

We highlight below our two primary areas of activity, and more specifically the activity during 2023:

1. We extensively use index-based instruments in the strategy and work with market participants to encourage the development of derivatives for ESG-screened indices. This is achieved via engaging with market participants to launch new instruments, encouraging the adoption of ESG criteria to existing instruments, by being early-stage investors where appropriate and on an ongoing basis engaging with index providers to enhance ESG criteria.
2. A significant amount of our research effort is focused on seeking ESG-screened exposures that can help deliver our return objectives in the long term. For example, the shift away from coal has continued to create exciting growth opportunities within renewable energy generation and related industries. We have been early-stage investors in a broad range of such companies within the infrastructure component of our multi-asset strategy.

Market-based exposures: In relation to the strategy's ESG-screened credit and emerging market debt exchange-traded fund (ETF) exposures, our analysis identified some issuers with potentially higher-than-expected thermal coal exposures. We sought clarification with the ETF provider on the application of underlying index methodology. Our initial analysis highlighted the aspiration for improved industry-wide data standardisation and ongoing engagement.

In relation to some of the portfolio's ESG-screened equity exposures, we assessed the expected impact of proposed alignment with the European Securities and Markets Authority (ESMA) guidelines on funds' names using ESG or sustainability-related terms, and responded to a consultation organised by index providers. We expect sustainability-related attributes to improve further in the future.

Infrastructure holdings: We conducted various engagements over the year on a wide range of topics.

In the case of a renewable infrastructure holding, we discussed its approach to foster development in communities based around its wind farms through funding for educational projects and potential long-term employment opportunities.

We discussed with another company how it is continuing to support underlying portfolio companies in developing emissions-reduction strategies that are aligned with the ambitions of the Science Based Targets initiative.

In the case of another holding, we discussed how the company is continuing to encourage sustainable best practices in underlying portfolio companies. A recent summit organised by the company provided a forum for underlying companies to share collective sustainability expertise through interactive case studies on a range of topics including net-zero plans, climate resilience and regulatory compliance. We plan to review the outcomes of these and other initiatives with the company in the future.

Specifically, in relation to direct holdings in infrastructure companies, we set out below our voting and engagement summary.

Figure 23: 2024 voting and engagement summary

Strategy holdings	Total engagements	Engagements with IM	Board engagement	ESG discussion	Proactively raised topics	Proposals for vote	Voted for	Voted against
Social and public infrastructure								
HICL Infrastructure	1	1		1		16	100%	
International Public Partnerships	2	2		2		15	100%	
Renewable energy								
Greencoat UK Wind	2	2		1		17	100%	
Renewable Infrastructure Group	2	2				15	100%	
John Laing Environmental Assets	5	3	2		2	16	100%	
Aquila Euro Renewables Income	1		1		1	17	100%	
Ecofin US Renewables Infrastructure	1		1	1	1	13	100%	
SDCL Energy Efficiency Income	4	2	2		2	12	100%	
Economic infrastructure								
3i Infrastructure	2	2				14	100%	
Digital 9 Infrastructure	6	1	5	5	2	9	100%	
Infrastructure debt								
GCP Infrastructure Investments	2	2		1		14	100%	
TOTALS	28	17	11	11	8	158		

10 Collaboration

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

Overview

	Key statements
Context	• Given our focus on risk management (LDI) and fixed income, our collaborative efforts focus on select themes where opportunities arise within these areas. Much of our engagement is focused on broader market-wide issues, which necessitates extensive engagements with policymakers, regulators, and other officials. • In many cases, such engagements will mean collaboration with asset owners, as well as, or rather than alongside other investment managers.
Activity	• In this section we have outlined the collaborative engagements in which Insight has participated, and the rationale for each. • **Collaboration on market-wide and systemic risks:** Much of our focus for collaborative efforts is on wider regulatory and market issues that could have implications for our risk management efforts. These are detailed in **Section 4**. • **Collaboration on issues for fixed income portfolios:** We believe it is important to engage where possible via collaborative initiatives to seek the best outcomes for our clients. Examples include: – PRI Advisory Committee on ESG in Credit Risk and Ratings – ESG disclosures in ABS markets – ESG disclosures in loan markets • **Collaboration on sustainability issues:** Our Responsible Investment Team will work with other investors and industry groups focusing on specific themes or issuers. Examples include: – Inaugural PRI sovereign collaborative engagement – Climate Action 100+ – Institutional Investors Group on Climate Change – Valuing Water Finance Initiative
Outcomes	• We describe the outcomes of each of our collaborative engagements alongside each initiative, and we believe we demonstrate clear and measurable outcomes for much of our activity.

10.1 CONTEXT

Many of the most pressing issues we face require a collective response from the investment community and from wider society. We therefore work with our clients, other investors, governments, companies and civil society organisations to build knowledge and awareness, to share expertise and to create a common voice on these issues when engaging with stakeholders in relation to our clients' investments.

We note that given our business concentration in risk management (LDI) and fixed income, our focus with regard to collaborative engagement often differs to that of equity investors. Much of our collaborative work pertains to broader market-wide issues, which necessitates extensive engagements with policymakers, regulators, and other officials, as explained in **Section 4**. In many cases, such engagements will mean collaboration with asset owners, as well as alongside other investment managers.

In fixed income markets, we note that engagement with some debt issuers can be difficult, and so we believe it is important to engage where possible via collaborative initiatives to seek the best outcomes for our clients. For example, 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 PRI and IIGCC, which Insight has supported for nearly two decades. We have taken leadership roles in several such initiatives, including as co-lead for the PRI's inaugural sovereign engagement, and co-lead for the IIGCC's sector engagement strategies.

We select collaborative initiatives to participate in based on their importance to Insight's clients, the contributions we believe we can make to the goals of the initiative and the philosophical alignment with our general purpose as a responsible investor.

10.2 ACTIVITY

Collaborative initiatives in which Insight participates and/or to which Insight is a signatory are reviewed and approved by IROC. We outline major initiatives below.[38]

Organisation/initiative	Insight's role
CDP (formerly known as Carbon Disclosure Project)	Investor signatory. Supporter of Non-Disclosure Campaign, Science-Based Targets Campaign and Municipal Disclosure Campaign
Ceres	Investor Network member. Participant in Policy Working Group, Participant in Paris Aligned Investment Working Group
Climate Action 100+	Investor signatory. Member of Engagement Working Groups for specific issuers
European Fund and Asset Management Association	Corporate member. Member of Stewardship, Market Integrity & ESG Committee
European Leveraged Finance Association	Member. Co-lead of Loan Investor committee
Farm Animal Investment Risk and Return (FAIRR)	Investor signatory. Lead investor for one engagement group and active participant in several engagement programmes

[38] Membership of these initiatives, in some cases, may be assigned to a specific relevant Insight entity, rather than for Insight as a whole.

Organisation/initiative	Insight's role
IASB Investors in Financial Reporting Programme	Member
Institutional Investors Group on Climate Change (IIGCC)	Investor member. Member of Bondholder Stewardship Working Group, Member of Sovereign Bonds and Country Pathways Working Group, Co-lead investor for chemicals sector working group and engagement programme
International Capital Market Association (ICMA)	Member of AMIC Executive Committee, Green and Social Bond Sections Advisory Group, Impact Reporting Working Group, Transition Finance Working Group and Sustainability-Linked Bond Working Group
Investment Association	Member of Sustainable Investment Committee and Climate Change Working Group
Net Zero Asset Managers initiative	Signatory
Partnership for Carbon Accounting Financials (PCAF)	Member of Upstream Scope 3 Working Group and Secured Finance Working Group
Principles for Responsible Investment (PRI)	Founding signatory Member of PRI Advisory Committee on ESG in Credit Risk and Ratings Co-lead for inaugural collaborative sovereign engagement
Taskforce on Nature-related Financial Disclosures (TNFD)	Member of the TNFD Forum
Transition Pathway Initiative	Supporter
UN Global Compact	Active participant
Valuing Water Finance Initiative	Investor signatory Co-lead of Engagement Working Group for a specific issuer

COLLABORATION ON MARKET-WIDE AND SYSTEMIC RISKS

Insight supports our clients extensively in managing a wide range of risks, including liability risks for pension schemes (interest rate, inflation and longevity risks), equity and currency risks, among others. Much of this work focuses on over-the-counter (OTC) derivatives where agreements are tailored between Insight and counterparties. Engagement with these counterparties is typically bilateral with little scope for collaborative engagement.

Much of our focus for collaborative efforts is therefore on wider regulatory and market issues that could have implications for our risk management efforts. Examples include the following, which are explained in more detail in **Section 4**, including progress and outcomes:

- Climate change and sustainable finance
- LDI strategies and gilts markets
- EMIR and general central clearing issues
- Money market issues
- Other regulatory issues

COLLABORATION ON ISSUES FOR FIXED INCOME PORTFOLIOS

Details on Insight's collaborative engagements in 2024 with relevance to fixed income markets are offered below. The collaborative initiatives described were selected because they each align with the principal asset classes in which we invest and are areas in which Insight can make a positive contribution through sharing expertise and knowledge. We also believe the work of these groups will lead to positive outcomes for our clients through mitigating or adapting to system-wide risks (or reducing their inherent sustainability challenges). The Responsible Investment Team and/or the investment teams are directly involved in each of these initiatives.

- **PRI**
  Insight has supported the Advisory Committee on ESG in Credit Risk and Ratings initiative since inception in 2016. The group has been instrumental in driving progress among rating agencies to proactively integrate ESG factors into credit valuations. We are a signatory to the Statement on ESG in Credit Risk and Ratings, which supports the

systematic and transparent incorporation of ESG into credit ratings and analysis. The statement is supported by more than 180 investors representing over $40 trillion in collective assets under management, and 28 credit rating agencies.

In 2024, we were pleased to participate in a PRI-led advocacy working group dedicated to engaging with Australia on sovereign climate-related financial risk. This collaborative engagement is a pilot exercise coordinated by the PRI to establish best practice for engagement with sovereign issuer. More information on this engagement is in **Section 9**.

- **Outcome:** During 2024 the collaborative engagements effort with Australia as part of the PRI centred around the recently published ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) framework that was designed to provide a universally coherent way to assess sovereign debt from a climate-change perspective. We focused on putting forward investor expectations as to how this framework can be used by investors as part of wider ESG integration efforts, but also how it can be leveraged in the context of sustainability-oriented investing.

  We also engaged with Western Australia as a sub-sovereign and discussed investor challenges on how to marry the concept of enabling transition materials with concerns around carbon intensity and net-zero from a sub-sovereign perspective.

COLLABORATION ON SUSTAINABILITY ISSUES

The collaborative initiatives described below were selected because they focus on issuers, or themes, where Insight can make a positive contribution through sharing expertise and knowledge. We also believe the work of these groups will lead to positive outcomes for our clients where – through the investment portfolios Insight manages on behalf of its clients – they have significant exposure to underlying entities likely to be impacted by the engagement. The Insight Responsible Investment Team and/or investment teams are directly involved in each of these initiatives.

- **Climate action 100+ (CA100+):** Climate change is one of the world's most pressing issues. It is of critical importance to Insight as we look to mitigate our investment exposure to climate risk. This collaborative initiative is aligned with our stewardship approach as we prefer to engage rather than divest to support the transition to a low-carbon economy.

  In 2024, we engaged with several companies that are included in the initiative's focus list, both independently and as part of collaborative engagement working groups.

  Examples of collaborative engagements we supported through this initiative are described below:

  – Collaborative engagement with a Latin American oil and gas company: Insight has participated in the collaborative engagement working group focusing on this company since 2021. It continues to become more receptive to ESG engagement as they have realised the impact of poor ESG performance and ratings and the resulting influence on the company's reputation and cost of capital.

  Outcome: In 2024, we engaged the company several times. During our engagements, we noted improvements in the company's climate action governance and plans, which we believe was influenced by delivering a consistent message on the long-term goals that the collaborative group has emphasised.

  In 2024, we joined a technical working group to support engagement dialogues. In March 2024, the company published its most comprehensive sustainability plan in company history. Its national government also explicitly provided support for the company in its budget, which was also a new commitment. Insight is part of the technical working group reviewing the sustainability plan, which was developed in collaboration with the S&P Energy Transition team and includes several strengthened and new targets and plans across five pillars, including a 2050 net-zero target, TCFD-aligned scenario analysis disclosures, marginal abatement cost curve projects, and significant capital allocation up to 2030.

- **The Institutional Investors Group on Climate Change (IIGCC):** Insight has actively participated in several IIGCC collaborative initiatives focused on developing guidance on net-zero stewardship, industry alignment and bondholder stewardship.

  In December 2022, the IIGCC launched a Bondholder Stewardship Working Group, which Insight joined, and has been an active participant on several projects. In 2023, we joined the IIGCC's Sovereign Bonds and Country Pathways Working Group, and in 2024, we joined the Steel Sector Strategy as co-lead investor supporting research and engagement programmes focused on the sector. The sector leads led quarterly working group meetings focused on progressing guidance and educational resources for investors, and developed a thematic engagement brief to support engagements with 25 companies over the course of 2024 on the Steel Purchasing Framework developed by IIGCC and its members. Eight of these companies attended a roundtable in Q3 2024 to discuss early adoption of the framework.

Outcome: In 2024, Insight contributed to the 'Sovereign Bonds and Country Pathways' discussion paper[39], the Net Zero Investment Framework 2.0[40], and the 'Net Zero Bondholder Stewardship: The Potential for Unlabelled Debt' discussion paper[41]. Insight also contributed to the IIGCC position paper outlining investor perspectives on transition finance[42].

- **Valuing Water Finance Initiative:** Water stewardship has been identified as a systemic sustainability risk with meaningful impacts across industries and which is exacerbated by climate change: the UN estimates that by 2030, demand for water will exceed global supply by up to 40%. Sectors that rely on water for their direct operations or within their supply chains increasingly face water- related risks from climate change, growing competition for water, pollution, regulation, and aging infrastructure.

  Recent research has also highlighted the significance of the financial impacts of water risks that may lead to business or supply chain disruptions, increased costs, or stranded assets. Many of these water-related risks have not been adequately assessed, or disclosed, by water users and pose a risk to investors and the long-term sustainability of water-intensive industries.

  To support our research and develop a larger influence when engaging with companies, we continued our participation in the Valuing Water Finance Initiative, a collaborative investor group with over 100 signatories overseeing over $17 trillion in assets.

  Outcome: In 2024, we participated as co-lead investor in several Valuing Water Finance Initiative collaborative engagements. As a co-lead investor for the engagement, we acted as the primary contact for coordination with the investors group, defined the strategy for engagement and executed engagements with the focus company to drive positive improvements on water stewardship. We were pleased to see incremental progress with issuers' water stewardship performance and aim to continue our constructive dialogue to influence further improvement.

  In 2024, we expanded on previous research and conducted thematic research on water risk in corporate bonds, which was used to select priority issuers and geographies for engagement.

- **Farm Animal Investment Risk and Return (FAIRR):** The FAIRR Initiative is a collaborative investor network representing over $70 trillion in assets, that raises awareness of the ESG risks and opportunities brought about by intensive animal agriculture. The food and agriculture industries are essential to the intersection of several sustainability imperatives including food security, health, and the net zero transition. From a GHG emissions perspective, 14.5% of global GHG emissions originate from the protein value chain. The majority of food and agriculture emissions, risks, and impact opportunities are within corporate supply chains, where large companies have immense influence over small suppliers.

  In 2024, we continued our participation in the initiative to support our stewardship goals by helping to exercise our influence as responsible stewards of capital through FAIRR's thematic research and structured engagements, while safeguarding the long-term value of investment portfolios.

  Outcome: In 2024, we participated in several engagement programmes focusing on issues including climate action, labour management and natural capital protection. In 2024, we were the lead investor for a working group focused on a major UK retailer and were active participants in several engagement working groups.

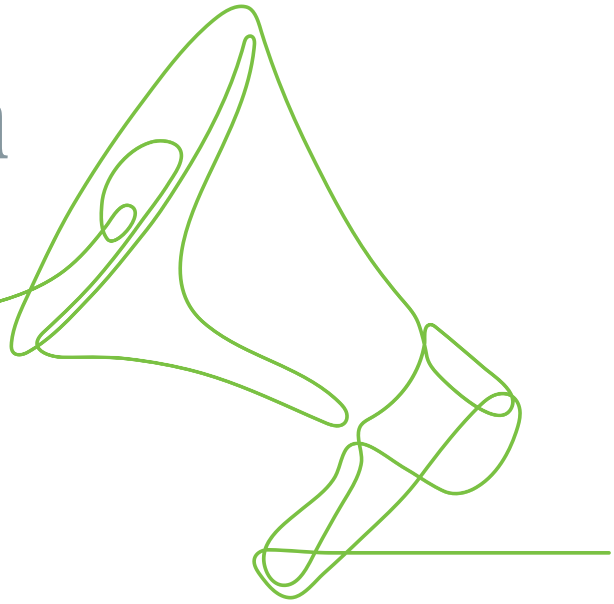
- **International Capital Market Association (ICMA):** Insight is a member of ICMA and an active participant in several working groups that focus on one of the organizations cross-cutting themes: sustainable finance. Insight is a member of the Green and Social Bond Sections Advisory Group, the Impact Reporting working group, the sub-working group focused on updates to the ICMA Transition Finance Handbook, and the Sustainability-Linked Bond working group. In 2024, on the back of the green bond carbon footprinting research published by Insight in 2023, one of the objectives of the ICMA Working Group on Impact Reporting is to explore existing green bond carbon footprinting methodologies and consider the evolution of methodologies to include in the Handbook Harmonised framework for impact reporting.

- **Investment Association:** Insight is an active participant in the Investment Association's quarterly climate change working group, which discusses climate policy, regulatory and market developments, and implications for our clients. We also participate in the TCFD technical working group, which seeks to establish best practice in reporting against the DWP occupational pension scheme disclosure requirements. In addition, we have contributed to the IA's joint responses to major ESG consultations (e.g. UK SDR). In 2024, Insight helped the IA establish a working group on sovereign engagement and is contributor within the group.

- Partnership for Carbon Accounting Financials (PCAF): As a signatory to PCAF, Insight has engaged with the membership on topics such as treatment of green bonds within portfolio decarbonisation. Insight was a member of the Secured Finance Working Group in 2024, which is working to standardise financed emissions disclosures for the asset class.

[39] Sovereign Bonds and Country Pathways, April 2024, IIGCC. [40] Net Zero Investment Framework updated: NZIF 2.0, 21 March 2024, IIGCC. [41] Net Zero Bondholder Stewardship: The Potential for Unlabelled Debt, 23 September 2024, IIGCC. [42] From concept to capital flows: The investor perspective on transition finance, 19 September 2024, IIGCC.

11 Escalation



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

Overview

	Key statements
Context	• Our stewardship prioritisation takes an expert-led and informed approach involving multiple internal stakeholders specific to the needs of each asset class or strategy. Different investment teams have their own escalation processes and priorities.
Activity and outcomes	• We outline how we approach escalation across different areas of our business, covering: – Escalation of issues affecting fixed income investments – Escalation within Insight's Responsible Horizons strategies – Escalation of issues affecting derivatives

11.1 CONTEXT

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

Our approach to engagement is explained in detail in **Section 9**, with details on our collaborative engagements in **Section 10**.

Our stewardship prioritisation takes an expert-led and informed approach involving multiple internal stakeholders specific to the needs of each asset class or strategy. Different investment teams may have their own escalation processes and priorities. The approaches and examples offered below aim to reflect our approach across selected investment strategies and funds, and the geographies in which they invest and operate. See **Section 6** for more information on the institutional and segregated nature of the assets we manage for our clients.

A lack of engagement, meaning we do not receive the disclosures or transparency we require, may lead us to avoid investing in an entity, or to divest a holding if we already hold an issue if we deem the engagement topic to be sufficiently material. As explained in **Section 9**, if it is not possible to meet with relevant management or officials, we may seek to engage via other routes, including by contacting the company's broker or board, or by engaging collaboratively with other investors.

11.2 ACTIVITY AND OUTCOMES

ESCALATION OF ISSUES AFFECTING FIXED INCOME INVESTMENTS

Our engagement process varies across different aspects of fixed income. In **Section 9** we outline our efforts across sovereign debt, corporate bonds, secured finance and US municipal bonds.

For each asset class, regular daily, weekly and/or monthly meetings for the relevant investment teams present opportunities for significant issues to be raised for escalation. This applies to sustainability and non- sustainability issues. Our proprietary Prime ESG and climate risk ratings will provide data analysis for comparison to highlight issues to escalate for engagement, with ratings flagging issues that may need escalation. Specific concerns are highlighted and escalated to the relevant investment team to be addressed with the relevant entity. This may take place at the monthly buy-and-maintain or RIG meetings. Issues are also discussed at daily and weekly corporate credit meetings to ensure they are highlighted and escalated appropriately.

In the investment grade market, new issues are typically announced by banks as the market opens. This can often be the announcement that an issuer is commencing a deal-specific roadshow and will be available for calls with investors over the following one to two days. This provides our analysts with an opportunity to prepare questions for the issuer, which in the vast majority of instances will include ESG-related issues. However, for well-known issuers, new issues are announced, along with the deal structure including maturity and price, with no opportunity for investors to engage. In these instances, analysts and portfolio managers discuss the strengths and weaknesses of the issuer, including relevant ESG issues highlighted by our proprietary Prime ESG and climate risk ratings. In some cases where we have declined to buy the new issue because of shortcomings in either its ESG ratings or the strength of its impact bond framework, we provide feedback to the banks which arranged the transaction, which reiterate our views to the issuer.

For buy-and-maintain strategies, where bonds are typically held to maturity, the escalation process takes place through the monthly buy-and-maintain meeting. At this meeting, chaired by the Head of Strategic Credit, proprietary ratings and data for each issuer are scrutinised by analysts and the relevant portfolio managers. Where an issuer's rating has deteriorated to worst-in-class, engagement with the issuer will be sought to understand why the change has occurred and if we can encourage improvement, and will typically result in severely restricted purchases. Where there is either a lack of willingness to engage or improvement is unlikely, we will potentially sell holdings.

The Ratings and Exclusions Group (REG) is the key internal group for proposing firm-wide exclusion policies and confirming changes to Insight exclusion lists and Prime ESG ratings for Insight and its affiliates. Among other activities, the REG uses internally developed screens to provide oversight of positions held across the business, and where appropriate it will escalate to the RIG or IROC those issues and risks that it deems sufficiently material to be brought to their attention, together with any items on which there is material disagreement. The REG is also responsible for setting exclusionary policies for pooled funds classified as Article 8 or Article 9 funds under the EU SFDR, and for Responsible Horizons strategies. For full details on the REG please see **Section 2**.

Oversight of worst-in-class Prime corporate and sovereign ESG ratings

Issuers with worst-in-class Prime ESG ratings (a 5 rating), and issuers without a rating, are within the remit of the REG. The REG reviews on a quarterly basis where issuers with a Prime ESG rating of 5, or issuers without a rating, are held across the business. This can be used to determine whether any additional engagement or escalation is required.

Escalation stage ratings

As part of our stewardship approach (discussed further in **Section 5**), we created escalation stage ratings to determine whether an engagement should be escalated and to identify the most appropriate course of action. This rating applies to our ESG-focused engagements, and it is a mandatory field which is required to upload an ESG engagement log.

Figure 24: Insight's escalation stages assess receptiveness to dialogue[43]

5	Recommended investment action	After additional review of relevant issues, exclusion or divestment recommendations may be made using governance mechanisms.
4	ESG Watch List	The company is placed on an ESG Watch List if there are concerns, or unresponsiveness, on highly material issues.
3	Structured communication	More formal communication is warranted due to the materiality of our engagement objective, or concerns such as controversial activity, or unresponsiveness on sufficiently material issues.
2	Monitoring	Increased monitoring is needed if the company has not shown progress or concerns are identified related to the ESG issue or engagement.
1	Constructive dialogue	The company is actively engaged. We aim to continue to develop a relationship.

[43] For illustrative purposes only.

CASE STUDY: Escalating a recycling and waste management company's green finance framework

Background: The issuer is a French company that provides recycling and waste management services. We engaged with the issuer given the company's green bond flagged on our screening systems due to a lack of allocation reporting being published.

The issue's framework commits to publishing allocation and impact reports annually following issuance. As part of the Insight impact bond assessment framework, we expect annual refreshes of an issuer's allocation reports to detail what the bond's proceeds have been allocated to, alongside a brief description of what the projects are, what they aim to achieve, and the amounts allocated to each project. As this was not provided by the issuer, we engaged with the issuer to highlight the importance of publishing an allocation report in our assessment.

Engagement: Ahead of our discussion, we contacted the issue's Investor Relations team to query why an allocation report was yet to be published. We were initially directed to the company's Sustainability Report, which did not detail any disclosures around the green bond allocation.

During our engagement, we highlighted the importance of producing allocation reports and noted it is market standard to publish one for any impact bond. The issuer did not commit to publishing such a report in the short term during our meeting and we noted that we would be inclined to sell if there was no intention to publish an allocation report.

Outcome: The discussion with the issuer led to no definitive outcomes in our dialogue and Insight followed up the conversation to request confirmation on the issuer's intention.

The issuer remains yet to confirm its intention to publish an allocation report and thus we intend to discuss the situation at Insight's next Impact Committee meeting in Q1 2025 with the potential of downgrading the issuer's green bond framework to 'red', which would therefore require divestment from certain funds aligned to EU SFDR Article 8 or 9.

CASE STUDY: Evaluating a counterparty's long-term sustainability trajectory

Background: One of our counterparties has been identified for having a history of poor sustainability performance, including several severe ongoing controversies. This revealed substantial governance failings.

The issuer initially performed poorly in our 2022 counterparty sustainability assessment and was unresponsive to our requests to engage. The bank was similarly unresponsive to our 2024 questionnaire. After the bank was downgraded to an Prime ESG rating of 5, the worst possible rating, funds aligned to EU SFDR Article 8 or 9 were unable to buy the issue's bonds, and one fund was required to sell its holdings in the issuer.

We escalated this internally to request approval to liaise with senior stakeholders at the counterparty to discuss our concerns and better understand the issuer's long-term sustainability strategy. Our engagement in late 2024 focused on the downgrade of specific metrics which led to the deterioration of the bank's Prime rating.

Engagement: We covered a range of topics including governance changes, the bank's decision to leave the Equator Principles, sustainable financing and human capital.

On the Equator Principles exit, the bank stated the reason for withdrawal was due to the administrative burden of the principles. Management indicated plans to maintain similar standards as Equator Principles but did concede that they still have some "work" to do to close gaps between current policies and the Principles. We view the Principles as a low hurdle that banks should adhere to, so the fact they aren't conducting this level of due diligence is concerning.

In the meeting, the bank said it is likely to issue fewer green bonds and is reducing the emphasis on arranging green bonds for clients going forward. Despite these comments, they plan to update their sustainable bond framework, which is currently outdated and rated a red by Insight's impact bond assessment framework.

The issuer highlighted in the engagement that the pace of the transition is likely to slow and they are likely to see this materialising in less impact bond issuance. The potential for ESG risk-management procedures to slip further could potentially increase risk in the long term, in our view.

Outcome: We did not feel this discussion provided a complete picture of the issuer's direction of travel in relation to its sustainability strategy. We will be following up in early 2025 to have a more in-depth discussion of the bank's ESG focus going forward. Since the engagement, the bank has announced it is withdrawing from the Net Zero Banking Alliance, meaning it is not required to continue improving financed emissions disclosures or to set sector-based emissions reductions targets. We want to identify if this is signalling a change at the bank, to understand how it is managing ESG risks going forward.

ESCALATION WITHIN INSIGHT'S RESPONSIBLE HORIZONS STRATEGIES

Alongside financial objectives, many investors are looking to achieve a positive environmental or social impact, and to invest in sustainable businesses that will stand the test of time. For this reason, in 2020 we created a clear set of qualification criteria for Insight strategies which have been specifically designed for investors seeking responsible investment outcomes. These strategies are collectively known as Responsible Horizons strategies.

Responsible Horizons strategies incorporate a clear escalation policy for engagement: when a holding's Prime ESG rating deteriorates to the worst possible rating, meaning it could be excluded from investment, Insight will consider whether to continue to hold the position and, if so, will seek to engage with the issuer with a view to influencing their future behaviour. If the issuer does not take reasonable steps to address the issue, a strategy's portfolio managers will make reasonable endeavours to remove the position within 12 months. More information on the Responsible Horizons strategies is provided in **Section 7**.

ESCALATION OF ISSUES AFFECTING SOVEREIGN BONDS

Figure 25: Insight's sovereign ESG flag system

	Radar	Red flag	Black flag	Green flag
Risk and impact	A list of countries that could conceivably experience a negative ESG risk event or deterioration that would warrant the application of a flag	A negative ESG risk or impact/controversy event or deterioration that should be highlighted but does not lead to a sell event	A material negative ESG risk or impact event or deterioration that means portfolio managers of strategies aligned with SFDR Article 8 or 9, or Responsible Horizon strategies, or firm-wide should, where legally able, sell any holdings within a 30 day period and not purchase. Downgrade of Prime sovereign ESG risk and impact ratings to 5 (the worst possible)	A positive ESG risk or impact event or improvement that should be highlighted

ESCALATION OF ISSUES AFFECTING DERIVATIVES

Our risk management (LDI) clients are frequently exposed to wider issues affecting how markets function, and as a result Insight has an extensive programme of engagement. For priority issues with a significant potential impact for our clients, Insight may escalate our engagement. In 2024 there were no new material escalated issues. More information on the range of issues and our efforts to highlight material issues facing our clients is detailed in **Section 4**.

Insight embeds ESG analysis in our LDI portfolio management process and we engage actively with bond issuers and counterparties, as outlined in **Section 9**. We have regular meetings at a variety of levels with our counterparties, with many opportunities to share concerns and to discuss highlighted issues. If we have a concern regarding an ESG-related issue at one of our banking counterparties, this is overseen by the CRG. The CRG will therefore discuss and agree any escalation actions in relation to environmental and social risk management.

The Counterparty Credit Committee is the governance body that reviews all other issues of concern regarding our counterparties, and if agreed, set appropriate actions or escalations for our engagement. If there are concerns regarding credit quality, they will be escalated to the Committee for review and to set out appropriate follow-ups. No material issues were sent for escalation in 2024.

We typically provide our clients and their advisers with a summary of engagement statistics with relevant counterparties, with details of progress and outcomes where material and relevant. Our sustainability-focused engagement programme was introduced in 2022 that includes counterparty engagement targets and an escalation process was continued in 2024. This includes potential enforcement actions with activities overseen and approved by the CRG. The CRG has the authority to direct pressure to a given counterparty (in the form of both advocacy and/or sanctions) to address any specific counterparty ESG underperformance. More details on this are provided in **Section 9**.

12 Exercising rights and responsibilities

Insight actively exercises its rights and responsibilities.

Overview

	Key statements
Context	• In 2024, equity holdings were limited at Insight, with equity assets accounting for less than 1% of our AUM. • We disclose our Voting Policy. We also outline our use of proxy advisers. • In fixed income, Insight will encourage changes to bond prospectuses or indentures where relevant. Our decision will be influenced by the risks we identify, how long we expect to hold the bonds and instrument type. Areas where we have direct influence over bond documentation include private credit and debt restructurings.
Activity and outcomes	• We provide information of our equity voting activity in 2024. Our voting record is available here. • Insight voted against management recommendations 21 times in 2024.

12.1 CONTEXT

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 by publishing our voting record publicly on our website.

Our policies and approach to equity voting apply across our equity strategies and funds, wherever they operate. Equity holdings are limited at Insight, with equity assets accounting for less than 1% of our AUM. Some of these assets are accounted for by equity exposure via derivatives, limiting our ability to engage through voting.

VOTING POLICY

Insight's proxy voting activity adheres to best-practice standards and is a component of Insight's Stewardship and Responsible Investment Policies. In implementing its Proxy Voting Policy, Insight will take into account a number of factors used to provide a framework for voting each proxy.

Leadership: Every company should be led by an effective board whose approach is consistent with creating sustainable long-term growth. We consider factors including strategy, culture, shareholder engagement, and sustainability-related risk management.

Structure: The board should have clear division of responsibilities. We consider factors including board and committee chairs, board structure and independence, and resources.

Effectiveness: The board should seek to build strong institutional knowledge to ensure long term efficient and sustainable operations. We consider factors including appointments, skills and experience, and evaluation processes.

Independence: The board should present a fair and balanced view of the company's position and prospects, considering factors including independence and integrity, audit, and risk management.

Remuneration: Levels of remuneration should be sufficient to attract, retain and motivate talent of the quality required to run the company successfully. We consider factors including remuneration policy and plan structure, transparency, and sustainability.

PROXY ADVISERS

To assist Insight professionals with implementing its proxy voting strategy, Insight retains the services of an independent proxy voting service. The voting agent's responsibilities include, but are not limited to, monitoring company meeting agendas and items to be voted on, reviewing each vote against Insight's voting guidelines and providing a voting analysis based upon the voting guidelines. The voting agent also identifies resolutions that require specific shareholder judgement – often relating to corporate transactions or shareholder resolutions. This enables Insight to review situations where the voting guidelines require additional consideration or assist in the identification of potential conflicts of interest impacting the proxy vote decision. The chair of the PVG will review for contentious resolutions and in the event of one will determine if an actual or potential conflict exists in which case the resolution will be escalated to the PVG voting committee.

ENHANCEMENTS AND UPDATES IN 2024

The PVG is responsible for overseeing the implementation of voting decisions where Insight has voting authority on behalf of clients. A distinction is made in our public disclosures between Insight discretionary votes and client-directed votes. The Group meets semi-annually, or more frequently as required. In the PVG oversees proxy voting activities ensuring that votes cast are in the best interest of clients.

The PVG is chaired by a Senior Stewardship Analyst (who has no direct day-to-day investment discretion) and attended by portfolio management personnel, a Market Operations Manager (Vice Chair), Corporate Risk, Compliance and Operations personnel. The PVG is accountable to and provides semi-annual updates to the Investment Management Group.

VOTING EXECUTION

Voting rights are monitored internally and reviewed by the PVG. This includes monitoring of voting activity and whether all ballots are processed correctly. Insight's operations team ensures that every time a voting submission is required, this is communicated to front office teams. Insight cast votes on over 200 resolutions for over 20 companies in 2024.

STOCK LENDING

Insight seeks to mitigate 'empty voting' and does not engage in share lending. However, some funds, for which Insight acts as investment manager, may engage in share lending.

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.

Insight's influence over bond documentation

Areas we would highlight where we have direct influence over bond documentation include:

Private credit (including secured finance): We utilise the expertise of our highly specialised legal team and employ specialist external counsel to act on our behalf. Our early involvement in a transaction allows us to shape its structure and legal documentation. Even when new deals are presented in near-final format, we appoint our own counsel to review the documentation to undertake comprehensive legal due diligence.

Debt restructurings: In situations where our holdings give us sufficient influence, we will join the ad-hoc committee of bondholders formed to manage the restructuring. We then work with other parties to deliver the best outcome for our clients. As above, we will appoint restructuring advisers and external legal counsel.

With regard to liquid bond markets, we have less opportunity to influence the existing language in bond documents than in the examples above. However, as a major investor in bond markets on behalf of our clients, banks will often approach us for input.

12.2 ACTIVITY AND OUTCOMES

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

Insight's equity voting record is available here. Voting activity across Insight is outlined below.

Table 2: Insight Investment voting in 2024

	Abstain	Against	For	Grand Total
Appropriate Profits	1			1
Auditor - Election	2		15	17
Auditor - Remuneration	1		15	16
Change of Name			1	1
Directors - Elect	6		59	65
Dividends			16	16
General Meeting Procedures			3	3
Investment Trusts & Funds		1		1
Issue of Shares & Pre-emption Rights			19	19
Other	1		1	2
Other Articles of Association	1		1	2
Other Corporate Action		1	3	4
Remuneration - Non-executive	1			1
Remuneration - Policy (Long-term Incentives)	1			1
Remuneration - Policy (Overall)			3	3
Remuneration - Report	1		12	13
Report & Accounts	3		15	18
Share Buybacks & Return of Capital			12	12
Shareholder Rights	1			1
Transactions - Significant	1	1	13	15
Treasury Shares			1	1
Total	**20**	**3**	**189**	**212**

Insight voted on over 99% of resolutions brought to its attention on relevant funds and voted in line with management recommendations in c.90% of resolutions.

Appendices

APPENDIX I LIST OF ABBREVIATIONS

Here we offer a list of the abbreviations used throughout this report.

AUM	Assets under management
ABS	Asset-backed securities
CA100+	Climate Action 100+
CAIA	Chartered Alternative Investment Analyst
CRG	Conterparty Relationship Group
CFA	Chartered Financial Analyst
CLO	Collateralised loan obligation
CMBS	Commercial mortgage-backed securities
CPA	Certified Public Accountant
CRE	Commercial real estate
CRG	Counterparty Relationship Group
DB	Defined benefit
DMG	Distribution Management Group
DMO	Debt Management Office
DNSH	Do no significant harm
DWP	Department of Work and Pensions
EBSA	Employee Benefits Security Administration
ELFA	European Leveraged Finance Association
EMC	Executive Management Committee
EMIR	European Market Infrastructure Regulation
ESG	Environmental, social and governance
ESMA	European Securities and Market Authority
FCA	Financial Conduct Authority
GHG	Greenhouse gas
IA	Investment Association
IIA	Institute of Internal Auditors
ICE	Intercontinental Exchange
ICMA	International Capital Market Association
ICSWG	Investment Consultants Sustainability Working Group
ICP	Insight Conduct Panel
IIGCC	Institutional Investors Group on Climate Change
IMA	Investment Management Agreement
IMG	Investment Management Group
IROC	Insight Responsibility Oversight Committee
KPI	Key performance indicator
LDI	Liability-driven investment
LTIP	Long-term incentive plan
NFA	National Futures Association
OMG	Operations Management Group
OTC	Over the counter
PAII	Paris Aligned Investment Initiative
PCAF	Partnership for Carbon Accounting Financials
PLSA	Pensions and Lifetime Savings Association
PRI	Principles for Responsible Investment
PVG	Proxy Voting Group
REG	Ratings and Exclusions Group
RIG	Responsible Investment Group
RMBS	Residential mortgage-backed security
RMG	Risk Management Group
SBTi	Science-Based Targets initiative
SDR	Sustainability disclosure requirements
SDG	(UN) Sustainable Development Goal
SEC	Securities and Exchange Commission
SFDR	Sustainable Finance Disclosure Regulation
SMCR	Senior Manager and Certification Regime
SPV	Special purpose vehicle
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNGC	UN Global Compact
UoP	Use of proceeds

APPENDIX II INSIGHT'S CORPORATE GOVERNANCE STRUCTURE

As outlined, 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 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. The mandate, meeting frequency and membership of the key governance committees are outlined below, as at end 2024:

Committee/Group	Mandate	Meeting frequency	Voting members
Board	The Board of IIML and has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within Insight.	At least quarterly	Independent Non-Executive Director (Chair) Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director CEO CEO Designate Global CRO
EMC	The EMC is a committee formed to assist the CEO in the execution of his responsibilities and operates as a committee of the Insight Board. It is the key business management committee for IIML and its subsidiaries.	At least ten times per year	CEO (Chair) CEO Designate Global CIO Head of Client Solutions Group Global Head of Distribution Head of Human Resources CFO COO Global CRO General Counsel Executive Vice Chairman CEO, North America
Risk Committee to the Board	The Risk Committee oversees the management of risks within Insight and oversees the production of statutory and regulatory financial information.	At least four times a year	Independent Non-Executive Director (Chair) Independent Non-Executive Director Non-Executive Director
Remuneration	The RemCo considers recommendations and, where appropriate, recommends to the relevant employing entity in relation to terms, conditions, compensation and incentives for staff employed within Insight.	At least annually	Independent Non-Executive Director (Chair) Independent Non-Executive Director (Deputy Chair)
Risk Management Group (RMG)	The RMG is the key business risk committee for oversight and maintenance of the risk management framework of IIML and its affiliates.	At least ten times a year	Global CRO (Chair) Chief Compliance Officer (Deputy Chair) General Counsel Head of Client Solutions Group Head of Corporate Risk and Counterparty Relationships CEO, North America

Committee/Group	Mandate	Meeting frequency	Voting members
Project Management Group	The PMG is an executive committee of Insight and its subsidiaries. Some of the Group's responsibilities include, but are not limited to, overseeing technology change, approving & allocating technology resources to product teams/business change and monitoring projects and product teams.	At least ten times a year	CFO (Chair) Head of Solutions Management (Deputy Chair) COO Global CRO CEO, North America COO, North America Head of Business Change Deputy Head of Solution Design Head of Technology Risk Manager Head of Operations Head of FIG Operations
Investment Management Group (IMG)	The IMG is the key business operating committee for the investment management activities of Insight.	At least ten times a year	Global CIO (Chair) Global Head of Fixed Income (Deputy Chair) CEO CEO, North America Head of Multi-Asset Strategy Group Head of Client Solutions Group Head of Secured Finance Head of Currency Solutions Head of Solutions Management Head of Trading
Operations Management Group (OMG)	The Insight OMG is the key business operating committee for the operations activities of Insight.	At least ten times a year	COO (Chair) Head of Operations (Deputy Chair) COO, North America Head of Technology Head of Data Management Head of Business Change Head of Cyber Security
Distribution Management Group (DMG)	This group is the operating committee for sales, marketing, client service and communication matters within Insight.	At least ten times a year	Global Head of Distribution (Chair) Commercial Director, Distribution (Deputy Chair) Head of Marketing Head of Distribution, EMEA Head of Distribution, APAC Head of Client Solutions Group Head of Consultant Relations Head of Product Development and Management Head of Distribution, North America
Nomination Committee	The purpose of the Insight Nomination Committee is to assist the Insight Board in establishing and maintaining a functioning board that is appropriate in size, skills, experience and diversity. The commitee is responsible for making recommendations to the Board regarding changes to the Board and to senior management.	At least annually. Additional meetings may be called with the agreement of the Chair.	Independent Non-Executive Director (Chair) CEO (Deputy Chair) CEO Designate Independent Non-Executive Director Independent Non-Executive Director

The Insight Conduct Panel

The Insight Conduct Panel (ICP) oversees the management of conduct risk within Insight together with key requirements from the FCA's Senior Manager and Certification Regime (SMCR) which came into force in December 2019. The ICP's membership includes senior managers from Human Resources (HR), Legal, Risk and Compliance and its primary purpose is to review a suite of conduct risk management information, identify any conduct-related trends for individuals of broader groups with Insight and determine any actions that should be taken if any adverse trends are identified. Additionally, the ICP oversees Insight's annual staff fitness and properness certification process under SMCR and the reporting of any conduct breaches to the FCA.

The ICP reports quarterly to Insight's EMC on conduct and other SMCR related matters, highlighting any specific issues for attention. The ICP also reports annually to Insight's Remuneration Committee on any matters it considers could have an adverse impact on an individual's variable remuneration.

APPENDIX III KEY BIOGRAPHIES

KEY EMC MEMBERS

Abdallah Nauphal

Chief Executive Officer

As Chief Executive Officer (CEO), Abdallah leads the development of Insight's strategic business plan. Abdallah was appointed Chief Investment Officer (CIO) in September 2003 with overall responsibility for the investment management team, and in June 2006 was appointed Deputy Chief Executive.

In July 2007, Abdallah became Insight's CEO, while retaining his position as CIO. Abdallah has over 30 years' industry experience. He has overseen the transformation of Insight from a traditional investment manager to a specialist solutions provider across LDI, fixed income and absolute return. During this time, the scope and complexity of Insight's business and governance structures has evolved significantly. As a result, in 2016, Abdallah relinquished his CIO responsibilities, to focus on the role of CEO. Abdallah's previous roles include CIO (fixed income) at Rothschild Asset Management and Head of Fixed Income for Schroder Investment Management Limited in London.

Abdallah holds a Bachelor degree in Business Administration from New England College, an MS in Information Systems and an MBA in Finance and Investments from George Washington University.

Raman Srivastava

CEO Designate

Raman brings over 25 years of experience in the investment industry. Most recently, he worked at Great West Lifeco Inc. as Executive Vice-President and Global Chief Investment Officer. As a key member of the senior executive team, he worked closely with the CEO and Board of Directors on a wide array of investment, capital market, and strategic initiatives. Raman has held notable leadership roles, including serving as Director and Chair of the Board for various North American, UK, and European asset management firms, spanning both public and private markets.

As Global CIO at Great-West Lifeco Inc., he provided strategic direction and leadership to regional CIOs across the US, Canada, UK, and Europe, achieving strong investment results across a diversified global platform. This encompassed insurance General Accounts, third-party funds, and institutional and retail client portfolios. Before joining Great-West Lifeco Inc., Raman served as Deputy Chief Investment Officer and Managing Director of Global Fixed Income at Mellon Investments. Prior to that, he spent over a decade at Putnam Investments as a fixed-income portfolio manager. Raman holds a Master of Science in Computational Finance from Carnegie Mellon University and a Bachelor of Mathematics, Actuarial Science from the University of Waterloo. He is also a CFA charterholder.

Adrian Grey

Global Chief Investment Officer, Member of the Executive Management Committee

Adrian joined Insight in April 2003 as Head of European Fixed Income following the acquisition of Rothschild Asset Management Limited (RAM). In September 2003, he was appointed Deputy Head of Fixed Income and in 2005 became Head of Fixed Income. Adrian joined the Executive Management Committee in October 2012 and in 2016, he became Chief Investment Officer – Active Management. In September 2018, Adrian took on his current role as Global Chief Investment Officer responsible for the oversight of the firm's investment management teams. Before joining Insight, he was a Director in the Fixed Income Team at RAM focusing on European research and global portfolios. Prior to joining RAM in 1994, he spent four years working in bond sales for UBS Phillips & Drew and three years managing international bond portfolios at ARCA, Milan.

He has a BA honours degree in Economics and Politics from Warwick University and an MA in International Economics and International Relations from Johns Hopkins University in the US.

RESPONSIBLE INVESTMENT TEAM MEMBERS

Robert Sawbridge, CFA

Head of Responsible Investment

Robert is responsible for overseeing the responsible investment programme at Insight across all asset classes and investment teams. He joined Insight in 2008 and has held numerous roles across Insight's investment teams including solutions design, credit analysis and portfolio management. Most recently, he was the manager of our flagship Euro sustainable strategy before being appointed Head of Responsible Investment Solutions in 2020 and Head of Responsible Investment in 2022. Robert graduated with a BA (Hons) in Modern History from Oxford University and a Post-Graduate Diploma in Accounting and Finance from the London School of Economics. He also holds the Investment Management Certificate from the CFA Society of the UK and is a CFA charterholder.

Chandra Gopinathan

Responsible Investment - Head of Research

Chandra joined the Responsible Investment Team within the Fixed Income Group in December 2024 and is responsible for Insight's sustainability-related research activities and integrating research findings to improve decision making. Prior to joining Insight, Chandra spent four years at Railpen as a Senior Investment Manager, responsible for climate, credit and manager selection. Chandra has two decades of experience in credit markets including ten years at Rogge Global Partners (now Allianz Global Investors) as a Senior Credit Analyst and with Morgan Stanley and Wachovia Securities, as Vice President focussed on structured finance. Chandra started his career in financial services in 2000 as an Associate Analyst at Moody's Corporation. Chandra holds an MS in Financial Engineering from Columbia University. He also holds the CAIA designation and the Investment Management Certificate from the CFA Society of the UK.

Rhona Cormack

Responsible Investment - Senior Specialist

Rhona joined the Responsible Investment Team within the Fixed Income Group in November 2021 and is responsible for leading Insight's ESG engagement activities. She focuses on researching and delivering Insight's engagement themes, with her areas of expertise including climate change and diversity and inclusion. Prior to joining Insight, Rhona had over six years' experience in sustainability and climate change consulting, focusing on strategy and reporting advisory services. Rhona holds an MSc in Sustainability and a BA in Geography from the University of Leeds.

Christopher Huynh

Responsible Investment - Senior Specialist

Christopher is the Senior Stewardship Analyst responsible for leading Insight's US stewardship strategy. Christopher joined Insight from Rockefeller Capital Management where he was Vice President, Shareholder Engagement Lead and ESG Analyst. Prior to Rockefeller, Christopher held a number of roles at SUEZ Environment focusing on the development of their sustainable brands and offerings. He holds an MBA from New York University's Stern School of Business and a Bachelor of Engineering from Stevens Institute of Technology.

Jorg Soens, CFA

Responsible Investment - Senior Specialist

Jorg joined the Responsible Investment Team within the Fixed Income Group in March 2023 as a Senior ESG Solutions Specialist, responsible for supporting the growth and development of ESG products and solutions at Insight. Jorg joined from Mercer, where he spent over five years as a Lead Investment Solutions Specialist and Currency Manager. Before this, he was a Portfolio Manager with KBC Fund Management. Jorg holds a Masters in Finance & Risk from University College Ghent, a Masters in MIS from University Hasselt and a Masters in General Management from Vlerick Business School. He is a CFA charterholder and holds the CFA Institute Certificate in ESG Investing.

James Fisher

Responsible Investment - Analyst

James transferred to Insight's Responsible Investment Team as a Responsible Investment - Analyst in January 2025. Prior to this, he was a Client Service Specialist within the Client Solutions Group, working directly alongside our client directors in the day-to-day servicing of a range of our institutional clients. He initially joined Insight in September 2022 on the graduate programme. James graduated from University of Sheffield, in 2022 and also holds the Investment Management Certificate (IMC) from the CFA Society of the UK.

Eleanor Austin

Responsible Investment - Specialist

Eleanor is part of Insight's Responsible Investment Team, where she is responsible for leading sustainability analysis for investment opportunities across fixed income, supports the design of investment frameworks for sustainable solutions and supports engagement activity with issuing companies and issuing banks. She joined Insight in December 2024 from Aviva Investors, where she spent five years, latterly as a Senior ESG Credit Analyst, delivering on ESG sector research across utilities, financials and real estate, to identify material risks and promote environmental and social characteristics. She also led the SFDR Article 8 ESG integration processes for investment grade and buy and maintain strategies. Eleanor graduated from the University of Nottingham in 2019 with a BA in Politics and International Relations. She also holds the Level 4 Certificate in Investment Management from the CFA Society of the UK and has passed the Applied Responsible Investment course from the PRI Academy.

Thamy Sivaloganathan

Responsible Investment - Implementation Lead

Thamy joined the Responsible Investment Team within the Fixed Income Group in August 2024 as Responsible Investment - Implementation Lead, responsible for improving the overall operating model for Responsible Investment and sustainability issues across Insight's business. Thamy joined from TRowe Price, where she spent three years working in the ESG space, focusing on building their ESG five-year strategic plan and leading multiple global ESG related regulatory, operational and technology enhancement programmes. Before this, she was a management consultant at Société Générale and E&Y. Thamy holds an MSc in Information Technology from University College London, a BSc (Hons) in Mathematics from Kings College London and is a member of the Chartered Institute of Management Accountants (CIMA).

Sheena Schyma

RI Investment Specialist

Sheena is an RI Investment Specialist within Insight's Client Solutions Group. She joined Insight in June 2023 from BlackRock, where she spent over a decade in numerous roles as Deputy Chief Operating Officer for the Sustainable Investing Team, in strategy and reporting for Sustainable Investing and Corporate Sustainability, business management and product-capital markets tax in Finance. Prior to BlackRock, Sheena was a tax consultant at EY for six years. Sheena graduated with a BSc (Hons) in Geography from University College London and holds a Post-Graduate Certificate in Sustainable Business from the University of Cambridge. She is currently pursuing a part-time Masters in Sustainability Leadership from the University of Cambridge. Sheena is a chartered accountant with the Institute of Chartered Accountants Scotland (ICAS) and holds the CFA Institute Certificate in ESG Investing.

Sanaa Mogul

RI Investment Specialist

Sanaa is an RI Investment Specialist within Insight's Client Solutions Group, where she is responsible for providing responsible investment responses, comments and data to client and consultant queries. She joined Insight in October 2024 from Barings Asset Management, where she led the construction and delivery of high-quality ESG-focused RFPs for global institutional and retail clients, covering public and private fixed income, equities and alternatives. She also supported the implementation of Barings' external reporting obligations such as the UN PRI, TCFD, UK Stewardship Code and UN Global Compact. Prior to this, she focussed on the production of new business proposals and due diligence requests for institutional and retail clients at AXA Investment Managers. Sanaa graduated from the University of Bath with a BA in Accounting and Finance and also holds the CFA Institute Certificate in ESG Investing.

QUANTITATIVE RESEARCH TEAM

Tudor Thomas

Head of Fixed Income Quantitative Research

Tudor joined Insight in April 2019 and is responsible for leading the development of the firm's in-house ESG ratings methodology, alongside the other fixed income quantitative research priorities. Prior to Insight, Tudor was a Data Scientist at Tails.com. He has also worked with the London Fire Brigade as a Data Scientist Fellow, modelling fire risk and creating a measure of fire station preparedness. Tudor graduated from the University of Melbourne with a BSc in Mathematics and Physics. He also holds a MASt in Physics and obtained a PhD in Physics, both from the University of Cambridge.

Alexander Verissimo

Quantitative Researcher

Alexander joined the Fixed Income Quantitative Research Team in September 2020, where he creates research and tooling, collaborating closely with the Responsible Investment Team, credit analysts, and portfolio managers. He initially joined Insight in September 2018 on the graduate programme, having completed placements within the Global Consultant Relationship Team, the Performance Team and the European Credit Investment Team. Alexander graduated from the University of Nottingham with a BSc (Hons) in Economics. He also holds the Investment Management Certificate from the CFA Society of the UK.

KEY INVESTMENT TEAM MEMBERS

Peter Bentley

Global Head of Fixed Income

Peter joined Insight in January 2008 and was promoted to Co-Head of Fixed Income in 2021, having been Deputy Head of Fixed Income and Head of Global Credit since 2018. Prior to joining Insight, Peter spent four years at Pimco Europe where he was a Senior Vice President Portfolio Manager responsible for the management and strategy of both long only and long-short credit funds. He began his investment career with four years at the Bank of England as a graduate analyst. This was followed by three years at Schroders as a Portfolio Manager and then four years at Morley Investment Management as a Portfolio Manager responsible for the management and strategy of credit funds. Peter holds a BA honours in Economics and Econometrics from Nottingham University and is an Associate of the CFA Society of the UK.

Adam Whiteley, CFA

Head of Global Credit

Adam joined Insight in September 2007 as a Credit Analyst in the Fixed Income Group before becoming a Credit Portfolio Manager at the end of 2008 and in 2022 was promoted to Head of Global Credit. He is lead manager for global and multi-sector credit strategies as well as being a core part of the team, managing global aggregate strategies. Adam graduated with a BSc (Hons) degree in Economics from Nottingham University. He holds the Investment Management Certificate from the CFA Society of the UK and is also a CFA charterholder.

Fabien Collado, CFA

Responsible Investment - Senior Portfolio Manager

Fabien joined Insight's Fixed Income Group in August 2021, as an ESG Portfolio Manager. Prior to joining Insight, he spent almost 12 years at AXA Investment Managers, initially as a portfolio engineer. He was then an active fixed income fund manager focussing on euro credit strategies. Latterly, he was a global buy and maintain fund manager, with an ESG focus. Fabien graduated with a Masters degree in Finance from IÉSEG School of Management. He is also a CFA charterholder.

Damien Hill, CFA

Senior Portfolio Manager

Damien joined Insight in October 2006. Within the Fixed Income Group, he initially joined the Currency Desk before moving to the Credit Analysis Team in January 2008. Damien joined the European Fixed Income Team in March 2011 as a dedicated credit portfolio manager. Damien graduated with a BSc honours degree in Economics and Finance from Bristol University and holds the Investment Management Certificate from the CFA Society of the UK and is a CFA charterholder.

Shaun Casey

Senior Portfolio Manager

Shaun joined Insight's Fixed Income Group in September 2014 as part of the Global Credit Team where his responsibilities included involvement with the Bonds Plus strategy for which he is now the main support on credit positioning. Shaun graduated with a BSc in Economics from the University of Bath, holds the Investment Management Certificate from the CFA Society of the UK and is also a CFA charterholder.

Lutz Engberding, CFA

Portfolio Manager

Lutz joined Insight in 2011. He worked as a Fixed Income Product Specialist before joining the European Fixed Income Team in February 2017. Lutz began his career in 2008 as an analyst at Merrill Lynch working in the fixed income department. He holds an MA in Economics from Homerton College, Cambridge and is a CFA charterholder.

Ruth Hannigan

Senior Portfolio Analyst

Ruth joined Insight's Fixed Income Group in May 2022 as a Portfolio ESG Analyst for strategic credit portfolios. Prior to Insight, Ruth was an ESG Policy Analyst with Minerva Analytics, responsible for ESG screening, analysis, evaluation and scoring. Ruth graduated from Trinity College Dublin University with a BA in Sociology and Social Policy and an MSc in International Politics. Ruth holds the CFA Institute Certificate in ESG Investing.

Rodica Glavan

Head of Emerging Market Corporate Fixed Income

Rodica is Head of Emerging Market Corporate Fixed Income. She is lead portfolio manager for Insight's flagship emerging market corporate and emerging market corporate high yield strategies. Rodica joined Insight as an emerging market debt portfolio manager in December 2006. Prior to Insight, Rodica worked at Schroders, London, managing emerging markets for their global portfolios. She began her career in 1999 as an emerging market sovereign analyst at Schroders, New York. Rodica holds a BBA degree in Economics and Finance from University of Alaska Anchorage, USA. She also holds the Investment Management Certificate from the CFA Society of the UK and speaks four languages.

Rowena Geraghty

Sovereign Analyst

Rowena joined Insight in September 2021 following the transition of Mellon Investments' fixed income strategies to Insight. She has been in the investment industry since 2010 and joined Mellon Investments in 2013. Rowena is a Sovereign Analyst within Insight's Emerging Market Debt Team. She contributes to the investment strategy for the emerging market portfolios through her fundamental sovereign analysis. Previously, she worked at Fitch ratings agency and the UK financial regulator, the Financial Services Authority (a predecessor organisation to the current regulator, the Financial Conduct Authority). Rowena has a BSc and MSc in Economics from the University of London.

Adam Mossakowski, CFA

Head of Strategic Credit

Adam joined Insight in December 2009 as a UK credit Portfolio Manager. Prior to joining Insight, Adam spent six years at F&C Asset Management managing credit portfolios. Adam began his career at AXA Investment Managers managing credit and government bond portfolios. Adam graduated with a BSc honours degree in Mathematics and Philosophy from the University of Southampton. He holds the Investment Management Certificate from the CFA Society of the UK and is also a CFA charterholder.

Claire Bews, CFA

Integrated Solutions Credit Portfolio Manager

Claire joined Insight in July 2021 as a senior Portfolio Manager in the Strategic Credit Team. Prior to joining Insight, Claire spent 20 years at M&G Limited as a Credit Portfolio Manager. Having joined M&G as a graduate, Claire managed active and buy and maintain credit strategies. Claire was a Trustee Director of the M&G Group Pension Scheme from September 2015 to May 2021. Claire holds a Master of Natural Sciences from the University of Cambridge. She holds the Investment Management Certificate from the CFA Society of the UK and is also a CFA charterholder.

Tristan Teoh

Head of European Secured Finance

Tristan is a senior portfolio manager within the Fixed Income Group. Tristan joined the Fixed Income Group at Insight in May 2012 as an analyst responsible for analysing structured finance investments. He became a portfolio manager in March 2015. Prior to joining Insight, Tristan worked at Morgan Stanley in the Securitised Products Group where he was responsible for pricing and structuring of both commercial and residential mortgage loans in Europe. Tristan began his career in 2001 at Pitcher Partners working on audit and accounting engagements. He holds a Bachelor of Commerce in Accounting and Finance and a Bachelor of Business Systems from Monash University, Australia. Tristan also holds the CA from the Institute of Chartered Accountants, Australia.

Shantanu Tandon, CFA

Portfolio Manager

Shantanu joined Insight in October 2010 and is a portfolio manager within our Multi-Asset Strategy Group. Before joining Insight, Shantanu spent over four years at Architas Multi-Manager where he held fund management and research responsibilities across Axa Life entities, including Winterthur Life. He has also held positions at Mercer Investment Consulting, PwC and Investec Australia Ltd. Shantanu started his career in Australia at Retireinvest (formerly part of ING Group) in November 1998. Shantanu holds a BA (Hon) degree in Economics from the University of Delhi and an MBA from the University of Newcastle, Australia. He is also a CFA charterholder.

David Averre

Global Head of Research

David joined Insight in May 2005 as a senior credit analyst within the Fixed Income Group and since July 2007 has been responsible for Insight's credit research capability. He was previously with WestLB for eight years as a senior corporate analyst within their Fixed Income Group supporting trading, sales and origination. His main focus was within the telecom industry sector. Prior to this, he was an analyst and assistant marketing officer at Bank of Tokyo–Mitsubishi where he was responsible for developing the bank's portfolio of telecom structured finance investment. David holds a BSc (Hons) in Engineering with Business Studies from Warwick University.

Erin Spalsbury, CFA

Head of US Investment Grade

Erin joined Insight's Fixed Income Group in August 2019 as a Senior Portfolio Manager responsible for managing credit portfolios, including long duration and customized bond solutions. Erin was promoted to Head of US Investment Grade in 2022. She previously worked at Conning, Inc. as a fixed income portfolio manager, where she managed credit liability-driven portfolios for pension and insurance clients. Prior to Conning, Erin worked at JP Morgan Asset Management as a fixed income portfolio manager, where she managed credit/customized portfolios for a full range of clients with a focus on pensions, and also handled credit trading. Erin holds a BA in Economics/Mathematics from Boston University and is also a CFA charterholder.

David Hamilton, CFA

Head of Credit Analysis, North America

David joined the Fixed Income Group at Insight in July 2014 and is the Head of Credit Analysis, North America. He has oversight of the corporate credit team based in the US and predominantly focuses on the coverage of consumer cyclical and consumer non-cyclical sectors in the US. Prior to Insight, David spent 15 years at Delaware Investments, where he held various roles, latterly as a fixed income senior credit analyst. David graduated from Millersville University of Pennsylvania with a BS degree in Business Administration in 1999. David maintains the Series 7 license with the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.

KEY MEMBERS OF RISK MANAGEMENT (LDI) TEAM

Paul Richmond

Deputy Head of Solution Design, Client Solutions Group

Paul is Deputy Head of Solution Design in the Client Solutions Group. Paul helps lead the team in the design and delivery of investment solutions tailored to address the specific risk and return objectives of Insight's clients. Prior to joining Insight in September 2010, Paul spent five years at Hewitt Associates as an investment consultant and also four years at PwC. Paul graduated with an MA in Mathematical Sciences from Lady Margaret Hall, Oxford University in 2001. He holds the Investment Management Certificate from the CFA Society of the UK.

Lauren Brady

Solution Designer and RI Solutions Specialist, Client Solutions Group

Lauren joined Insight in November 2019 as a Solution Designer in the Client Solutions Group. Lauren works on the design and delivery of investment solutions tailored to address the specific risk and return objectives of Insight's clients. Prior to joining Insight, Lauren spent eight years at PwC, latterly as an investment consultant. Here, she advised clients on pensions and investment strategy, with a particular focus on cashflow driven investing and streamlining pension fund governance. Lauren graduated from Bristol University with a BA in Philosophy. She is also a Fellow of the Institute and Faculty of Actuaries.

Joanna Howley, CFA

Head of Pooled Solutions, Client Solutions Group

Joanna joined Insight in June 2014 and is Head of Pooled Solutions in the Client Solutions Group. Joanna joined from Ignis Asset Management where she was a product specialist responsible for LDI and absolute return products. Prior to this, she was a Managing Director at BlackRock where she had spent fifteen years as an LDI solutions and fixed income investment specialist. Joanna holds a BA in Natural Sciences from Cambridge University and has completed the Investment Management Certificate from the CFA Society of the UK. She is also a CFA charterholder.

Robert Gall

Head of Market Strategy

Robert joined Insight in October 2003 as Co-Head of UK Fixed Income. In 2007, he moved to Insight's Financial Solutions Group as Head of Market Strategy, responsible for the discretionary hedge management process. He began his career at Schroders managing UK and European fixed income and in 2001 he was appointed Head of UK Fixed Income. He was appointed Head of European Fixed Income at Schroders in 2003, prior to joining Insight. Robert graduated from Queens' College Cambridge in 1992 where he read Economics and has been an Associate of the CFA Society of the UK since 1996. He is a member of the Bank of England Working Group on Sterling Risk-Free Reference Rates and the Bank of England SONIA Stakeholder Advisory Group.

Paul Nicholas

Head of Pooled LDI Fund Management

Paul joined the Financial Solutions Group at Insight in July 2014 and heads up the team which manages the suite of multi-client pooled LDI funds. Prior to joining Insight, Paul was a Principal Consultant at Aon Hewitt. Paul is a Fellow of the Institute and Faculty of Actuaries and is a former Chair of the Board of Examiners. Paul graduated with an MA in Mathematics from Christ's College, Cambridge, and holds an MSc in Actuarial Finance from Imperial College, London.

Nick Ivey, CFA

Senior Solution Designer, Client Solutions Group

Nick joined Insight in September 2014 and is a Solution Designer in the Client Solutions Group. Nick works on the design and delivery of investment solutions tailored to address the specific risk and return objectives of Insight's clients. Prior to joining Insight, Nick spent four years at Aon Hewitt as a consultant providing investment advice across a range of areas including asset-liability modelling, asset allocation, liability risk management and manager selection to pension funds. Nick holds a BA first class honours degree in Economics and Management from the University of Oxford. He also holds the Investment Management Certificate from the CFA Society of the UK and is a CFA charterholder.

Emily Tann

Solution Designer, Client Solutions Group

Emily joined Insight in July 2019 and is a Solution Designer in the Client Solutions Group. Emily works on the design and delivery of investment solutions tailored to address the specific risk and return objectives of Insight's clients. Prior to joining Insight, Emily spent five years at Hymans Robertson as an investment consultant. Here, she advised DB and DC pension scheme clients on funding and investment strategy, manager selection and LDI. Emily graduated from Oxford University with a Masters in Mathematics (First Class). She also has an MSc (Distinction) in Actuarial Science from Cass Business School and is a Fellow of the Institute and Faculty of Actuaries.

PUBLIC POLICY FUNCTION

Vanaja Indra

Head of Public Policy

Vanaja joined Insight in September 2011 and is responsible for helping Insight's investment business to understand the impact of regulatory and market structure reforms and to respond to them effectively. Prior to joining Insight, Vanaja held a position at the Financial Services Authority working on industry reform for OTC derivatives and, in particular, on central clearing initiatives. Vanaja started her career in 2000 at Goldman Sachs where she was responsible for structuring transactions. Following this she worked at Cairn Capital where she was responsible for structuring and marketing credit investment vehicles. Vanaja holds a first class degree in Mathematics from Imperial College London and an MSc in Operational Research from the London School of Economics.

CLIENT DIRECTORS – ESG SPECIALISTS

Shruti Kumar, CF

Client Director, Client Solutions Group

Shruti joined Insight in December 2020 as a Client Director. Prior to Insight, Shruti spent 17 years at Mercer as a senior investment consultant, advising pension funds on a range of aspects including investment strategy and asset allocation. Shruti graduated from Durham University with a BSc in Natural Sciences and also holds a Masters in International Management from King's College, London. Shruti holds the Investment Management Certificate from the CFA Society of the UK and is also a CFA charterholder.

APPENDIX IV CONFLICTS OF INTEREST POLICY SUMMARY

1. INTRODUCTION

This Policy details the potential conflicts of interest arising for the following Insight firms:

- Insight Investment Management (Global) Limited (IIM(G)): Investment Manager;
- Insight Investment Funds Management Limited (IIFM): Authorised Corporate Director (ACD); and
- Insight Investment International Limited (IIIL): Investment Manager.

Insight must not place its own interests unfairly above those of its customers. During the course of IIM(G) and IIIL's investment management activities and IIFM's role as the ACD to a range of pooled funds, from time to time the Insight firms will encounter potential situations where a conflict of interest may occur. This policy discusses the processes in place to reduce the possibility of such conflicts arising, and if they do, the guiding principles which should be used in their management and resolution. **This policy should be read in conjunction with the BNYM Employee Code of Conduct which can be found here.**

In relation to IIFM, in the course of performing its duties, conflicts of interest may arise between the ACD, the Company, the Shareholders and the Depositary.

Where such conflicts of interests cannot be avoided, the ACD and the Depositary will manage and monitor them in order to prevent adverse effects on the interest of the Company and the Shareholders. Further details of conflict are explained in the Scheme Prospectus document.

Regulatory requirements stipulate that firms cannot over rely on disclosure to clients as a way of managing conflicts of interest. Although it is unlikely that conflicts of interest will be allowed to compromise the duty Insight owes to its customers, where a situation does arise, disclosure to clients will be made if a conflict cannot be prevented and managed. For US business, disclosure is mandatory via the relevant annual ADV submission to the SEC.

2. REGULATORY REQUIREMENTS

Under FCA SYSC (Systems and Controls) Rules and EU MIFID requirements, a firm must maintain and operate effective arrangements with a view to taking all appropriate steps to prevent conflicts from giving rise to a material risk of damage to the interest of clients.

FCA's Principles for Business requires that a firm manages conflicts of interest fairly. Where a firm has, or may have, a conflict of interest between it and its customer, or between one customer and another customer, the firm must pay due regard to the interests of each customer and manage the conflict of interest fairly.

A firm should take appropriate steps to prevent or manage a conflict and only disclose a conflict when the firm's administrative and organisational arrangements have failed in this regard. This failure in organisational arrangements must be disclosed to the client, together with other specific information on the conflict itself. Insight's policy is to prevent or manage a conflict and disclosure would be a last resort.

The Securities and Exchange Commission (SEC) requires that as a fiduciary, an investment adviser owes its clients undivided loyalty, and may not engage in activity that conflicts with a client's interest without the client's consent under the Anti-Fraud Provision in Section 206 of the Investment Advisers Act of 1940. Furthermore, Rule 204-3 requires that each adviser deliver a Part 2B ADV that includes a description of the adviser's conflicts of interest. Additionally, the National Futures Association (NFA) also requires registrant firms to maintain and implement controls and procedures for preventing and managing conflicts of interests and to respond to any conflicts issues in a timely manner.

3. INSIGHT BUSINESS ACTIVITIES

When considering conflicts of interest in the context of Insight's activities, the following overriding principles should be recognised:

- Insight's investment management business is predominantly discretionary on behalf of a range of professional clients. **IIM(G) and IIIL do not act as principal** to any trade and as such, deal related conflicts between itself and its customers do not arise. Insight does not have a proprietary trading account and does not engage in speculative trading for its own account but may trade instruments for hedging FX and other exposures relating to its own revenue and expenses. When Insight executes these hedging trades for its account, compliance controls are in place intended to manage any potential conflict of interest that could arise.;
- Potential conflict situations may arise between the interests of the clients for which Insight operates. Insight's investment management process has been designed to give full consideration to the interests of its customers, e.g. the deal aggregation and allocation procedures ensure the fair treatment of all clients. **All clients should be treated fairly**; and
- Insight Investment is a separate asset manager within the BNY Mellon Asset Management boutique structure and is located in its own secure premises. The organisational structure, and hence the operational independence of each of the boutiques, is such that conflicts are unlikely to arise between the separate businesses. **Effective Chinese Walls are in place between BNY, the other investment management boutiques and Insight to manage potential conflicts should they arise**.
- Insight does not provide investment research and recommendations for external dissemination or investment advice.

As a consequence of these points, in the vast majority of instances, potential conflicts associated with Insight's activities are unlikely to arise.

4. POTENTIAL CONFLICTS SCENARIOS AND MITIGATION PROCEDURES TO PREVENT MATERIAL RISK TO CLIENTS

A summary of the material and relevant potential conflicts of interest identified by Insight are described in the following section together with the preventative measures to manage these.

A list of all conflicts recorded is contained within the Insight Conflicts of Interest Register. Please note that for IIFM the Scheme Prospectus document makes reference to specific conflicts in relation to the UK ACD and pooled fund business. For IIIL the US related conflicts are disclosed via the SEC ADV filing.

Potential Conflict Scenario	Procedures to prevent material risk to clients
One client/portfolio vesrus another client /portfolio Insight manages portfolios across a number of clients and ranges of pooled funds for affiliate entities) and therefore there is the possibility of a conflict arising between clients' interests including those of external clients and internal affiliated entities. Also many employees are working on activities for a number of clients. For example, in managing portfolios where aggregated dealing activities consistently favour certain clients over others.	The Insight philosophy of investment management is to emphasise collective contributions to the investment process rather than an overly individualistic approach. Consequently, dealing in a security will commonly be undertaken across a range of funds with similar characteristics and objectives. This contributes to Insight's objective to minimise the dispersion of fund performance to establish a level of consistency. Portfolios are managed in line with the investment objectives and benchmarks as agreed with the clients, with regular monitoring to ensure they are in line with the agreed strategy. A remuneration policy and performance management process is in operation. Fair treatment of all clients is ensured through the use of standardised dealing procedures and associated policies covering areas such as order execution, aggregation and allocation and voting and using the order management systems, which process and record orders and rationales in line with the FCA's Conduct of Business Dealing and SEC and NFA rules.

Potential Conflict Scenario	Procedures to prevent material risk to clients
Group and Affiliates There is a potential conflict that arises from Insight being part of the BNY Mellon Group which has a number of affiliated investment management entities. For example trade information shared with other BNYM Asset management boutiques, and thereby potential for them to act on inside information or deal ahead of Insight client orders.	Insight operates as a standalone asset manager within the BNY Mellon boutique structure, and hence has its own Board which include external Independent Non-Executive Directors, which delegate to an Executive Management Committee the day to day management of the Insight business. Within Insight there is an organisational structure which provides segregation of duties to ensure conflicts are avoided in relation to the operational business. Insight operates a number of policies and procedures, such as Chinese Walls, handling of Material Non-Public Information and Information Risk and Confidentiality; and valuation and pricing where controls exist to ensure that information is not inappropriately shared outside of Insight, and organisational structures ensure segregation of duties. In addition policies are in place to ensure that areas where BNYM and its affiliates do provide services to Insight, these are at arm's length and conducted on a commercial basis. A detailed Vendor and Supplier management process has been established. A broker selection process exists to ensure that all brokers (including affiliated entities) are assessed in a consistent manner and dealing flows monitored. All dealing in parent company shares is restricted and only conducted in line with agreed thresholds.
Suppliers and Third Parties Insight uses a number of external suppliers and third parties in its investment management business. There is a risk that the interests of Insight is placed before those of the clients when dealing with supplier and other third parties. For example awarding a contract to an external firm solely because they provide benefits to senior managers, or favourable other related business to Insight, and not because they may be the best supplier for the clients' benefit.	Insight has in place a vendor management policy which looks to ensure that the selection of suppliers and third parties is conducted in a consistent and independent manner. Insight has in place anti-bribery and corruption policies and a gifts and entertainment policy to ensure that there are no inappropriate or unethical, payments to suppliers, such as fees or commission. Payment of services is monitored within the business by way of specific committees such as Fees Committee and the Vendor Management Committee. The Compliance Monitoring Plan includes a review of the Vendor Management Process.
Insight Interests Insight is a profit making firm, therefore there is a risk that it places its interest above those of the client. For example there is a potential conflict that Insight (including its employees) may give or receive payments/commissions/gifts or entertainment to / from third parties which may influence their behaviours or induce them to act in a way that is inappropriate or unethical manner to the detriment of the clients.	Insight employees are bound by adherence to the BNYM Code of Conduct which specifies a number of compliance policies that all employees are bound by and to which they provide confirmation of Compliance on an annual basis. Organisational structures are devised so that there is clear segregation of duties, to avoid conflicts of interests arising. Organisational structures are devised so that there is clear segregation of duties, to avoid conflicts of interests arising in the day to day operation of Insight business and investment management activities. Insight has various policies including anti-bribery and corruption, gifts and entertainment. Under these policies Insight seeks to ensure that employees do not offer/give or accept gifts/entertainment which is likely to conflict with the duties owed to clients. Gifts and Entertainment are pre-approved and recorded for regular independent monitoring by the Compliance Team. Insight will act in accordance with the best interests of its Clients and has processes in place to pay for all costs associated with any externally sourced investment research and does not charge Clients through the use of Client Research Payment Accounts.

Potential Conflict Scenario	Procedures to prevent material risk to clients
Personal Interests Insight employees may potentially put their personal interest above those of our clients when conducting their own personal affairs. This may cause a conflict between Insight employees and its clients. Examples of personal interest include employees holding external offices such as directorships, trusteeships, advisory board memberships for public or private companies which are in conflict with our activities for our clients. Also employees conducting personal trading in investments for their own personal accounts could be seen to benefit them at the expense of clients. Employees could potentially favour clients based on personal interest such as increased remuneration and reward.	Insight employees are bound by adherence to the BNYM Code of Conduct which specifies a number of compliance policies that all employees are bound by and to which they provide confirmation of Compliance on an annual basis. Organisational structures are devised so that there is clear segregation of duties, to avoid conflicts of interests arising. All staff have to disclose relevant external interests such as directorships in external companies. Insight has comprehensive Personal Account Dealing procedures, derived from the BNYM Personal Securities Trading Policy, that require individuals to obtain pre-approval prior to undertaking a trade on their own account. In addition, Investment Managers and Analysts have additional obligations under the Rules, to disclose quarterly their personal interests in companies for which they have either conducted research on, or which they hold in their client portfolios. The Personal Trading Policy also extends to the employees' household. Insight operates a Staff Remuneration and Performance Management Policy in line with the FCA requirements and the policy and process ensures that reward is fair and does not encourage inappropriate behaviour. All remuneration is subject to approval by a Remuneration Committee.

5. CONCLUSION

All customers must be treated fairly and the interests of customers should at all times take precedence over the interests of Insight, its employees or BNY Mellon Group. Any queries relating to conflicts of interest should be discussed with the Compliance Team.

APPENDIX V INSIGHT'S RESPONSIBLE INVESTMENT POLICIES

RESPONSIBLE INVESTMENT POLICY

In seeking to achieve our clients' targeted outcomes, we aspire to support stable and resilient social, environmental and economic systems and efficient, well-managed financial markets

We believe reflecting material and relevant environmental, social and governance (ESG) issues within investment processes, and in our dialogue with issuers and other stakeholders, can help to support better investment decisions and has the potential to help our clients achieve their desired outcomes.

This belief leads us to pursuing the following activities:

1 Putting responsibility at the heart of how we do business

Aligning our business objectives and personal incentives to the broad goals of clients is imperative for our business. We do this by aiming to provide investment solutions that deliver quality and excellence; by managing financial (and where mandated to, non-financial) risks and opportunities; and through operating to high ethical and professional standards.

Responsible investment is a key pillar of our investment activities, our culture, and our relationship with clients.

2 Integrating ESG issues into our investment processes

ESG issues, such as a changing climate, demographic change and corporate governance, are important drivers of investment value, over the short and long term.

We believe that taking account of these issues in our investment research and decision-making can help us to effectively identify and manage the risks that could harm clients' investments and the opportunities that may arise from these issues, though the extent to which ESG integration is possible, and the relevance and materiality of ESG risks, can vary significantly according to asset class and strategy.

3 Acting as stewards of companies and other entities

The integration of ESG factors can include holding companies and other entities to account to understand how they manage their wider impact and their stakeholder interests. In turn, good stewardship can create investment opportunities and reduce investment risk.

We therefore seek to engage as bondholders, counterparties and shareholders with management and other entities, where practical and in line with our judgement as to relevance and materiality for our investment strategies, to discuss issues such as strategy, deployment of capital, performance, remuneration, risk management and ESG factors. We also recognise the responsibilities we have to our clients as shareholders; when we vote, we aspire to take into account how we might support long-term sustainable value in the companies in which we invest on their behalf.

4 Supporting efforts that seek to improve the operation, resilience and stability of financial markets

We recognise that public policy and regulation are key influences on corporate practice, the financial system and the wider economy. We support efforts to develop and implement policy measures that look to manage and mitigate the systemic risks to society and to the environment.

5 Collaborating with others on ESG issues

Many of the most pressing ESG issues we face require a collective response from the investment community and from wider society. We select topics on which to work alongside our clients, other investors, governments, companies and civil society organisations; our activity may focus on building knowledge and awareness, sharing expertise and/or creating a common voice on these issues. By doing so we believe we can provoke change, such as through supporting a sustainable environment.

6 Exercising transparency and disclosing our activities

We believe we should be held accountable for the actions that we take and for the outcomes that we achieve. Each year we report on our approach to responsible investment. The report includes discussions on our actions and their impact to reflect on our successes and failures, to highlight the lessons we have learned and to set out our priorities for action.

Our progress in implementing the aspirations set out above will differ across our investment strategies and teams for various reasons, including the mixed availability of relevant data and differing integration opportunity sets.

Key terms in this document are defined in our ESG and responsible investment glossary, available here.

ESG factors may be identified, analysed and/or integrated using approaches that are quantitative, qualitative or subjective. The application of Insight's ESG research ratings, due diligence and engagement activity will vary by asset/sub-asset class as will the applicability and prioritisation of ESG factors to investment portfolios, because of the nature of the specific securities and industry ESG practices that may apply in the context of a specific investable universe. As a result, experience will vary depending on the investment strategy selected and client defined ESG criteria applied.

STEWARDSHIP POLICY

Overview

Our purpose is to support our clients in meeting their investment objectives. We aim to do so by overseeing our clients' capital in a responsible manner, and by creating value for our clients as specified in our agreements with them.

The mandates we operate vary across asset type and geography, but are underpinned by our belief that well-managed entities are likely to be better investments; in our view they are less likely to have potential downside risk and will therefore help achieve investors' desired outcomes with greater certainty. To effectively manage investments on behalf of our clients, we seek to take account of factors that drive investment returns, work with issuers in which we invest to help ensure these factors are appropriately and prudently managed, and collaborate with stakeholders in and beyond the investment industry to create the conditions for long-term investors and their clients to thrive.

As investors acting as agents on behalf of our clients, we have a range of formal rights and informal influence. Consistent with our fiduciary obligations, we seek to use these rights and influence as important tools to support our efforts to enhance client outcomes. We refer to this activity as stewardship.

We conduct stewardship to shape and inform our broader views of issuers, and to encourage issuers to manage and mitigate risks more effectively.

Scope

This Stewardship Policy applies to the global business of Insight Investment, in particular, Insight Investment Management (Global) Limited, Insight Investment Management (Europe) Limited, Insight Investment International Limited and Insight North America LLC collectively known as 'Insight'.

Our approach to stewardship varies depending on asset class and investment strategy, in part due to the nature of specific securities and practices that may apply in the context of a specific investable universe. We seek to focus our engagements on activity we expect to have a meaningful impact, such as improved client outcomes. Our activity will be consistent with regulatory requirements and with the investment mandates and terms agreed with our clients.

Our approach to stewardship

Financial materiality drives our approach to stewardship. A financially material factor is one that is likely to have a positive or negative impact on the financial value of an investment. In line with our fiduciary obligations, Insight assesses and identifies what we believe to be financially material factors. The importance of specific factors differs between individual investments and different types of investment strategies and these factors may include, but are not limited to business strategy, capital allocation, competitive positioning, wider market and economic conditions, corporate governance, environmental risks and regulation focused on social impacts. Essentially, these factors – which may include what are commonly referred to as environmental, social and governance (ESG) factors – comprise the mosaic of factors that we believe can be relevant for effective financial analysis. We recognise that these factors play out over different timeframes, and therefore tend to view them in two broad groups.

- **Issues that are relevant to the near-term prospects of the companies or entities in which we invest:** These tend to include factors such as mismanagement, disclosure gaps, poor manufacturing practices, and issues that are the subject of imminent regulation.
- **Issues that are relevant to the longer-term prospects of the companies or entities in which we invest:** These could include changing regulations or consumer/public attitudes to social or environmental issues, and systemic risks (e.g., climate change, natural capital depletion) that could create economic disruption or prevent our clients from achieving their longer-term goals.

For issues that can be described in quantitative, financial terms, it is typically straightforward to define whether to engage and the objective of engagement.

For issues that are challenging to assess in such terms, perhaps because the financial impact and timeframes are uncertain, we first seek to better understand the issue. Where relevant, we may seek to engage to encourage prudent actions that create long-term value for our clients and/or reduce the uncertainty of meeting client outcomes.

Engagement activity may also be driven by specific mandates and/or requests by clients. It may therefore be conducted on behalf of specific clients rather than Insight as a whole.

How we engage

Interactions and engagements with issuers

Fundamental interactions with issuers may take place in direct meetings; within group settings such as conferences, collaborative group meetings and roadshows; and via direct contact with investee institutions. These interactions typically occur to help us gain a better understanding of the investments we are making for our clients and can be an important element of the fundamental analysis that underpins our investment decisions.

ESG engagement activity, which comprises a subset of these interactions, seeks to achieve an objective relevant to financial materiality or a client-specified goal. We use factors such as the size of our holding and the financial materiality of the issue in question to prioritise issuers for such engagements. The specific engagement strategies we use depend on the particular features of the entity in which we invest; for example, whether we have formal rights, the nature of our engagement access point, and the importance of the issue to the entity in question and to our portfolios as a whole.

We decide on our engagement approach and communicate the objective to the entity. For corporate holdings, we assign ratings for the level of progress relative to our objectives and have a process for escalation if we believe there is insufficient progress. If constructive dialogue is unproductive, we will escalate through various stages: to monitor progress; conduct structured communication; place the issuer on an internal watchlist; and, in extreme circumstances, we may exclude, divest or reduce exposure to the issuer. Such restrictions are seen as the last resort in any escalation process and would typically be considered when all forms of escalation have been exhausted and a clear financial rationale exists for the decision. This escalation process reflects that engagement objectives are aspirational and may not be achieved.

Engagement on systemic issues

We seek to identify and respond to market-wide and systemic risks to promote a well-functioning financial system. Where relevant, we may engage with regulators and policymakers to represent the interests of our clients and our own business. We prioritise issues that we believe represent risks to the successful achievement of our clients' long-term investment outcomes. This activity includes supporting the development of market architecture including index construction and the development of new financial instruments.

Conflicts of interest

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. We have a Conflicts of Interest Policy, ultimately overseen by Insight's Executive Management Committee, that details the processes to reduce conflicts from arising and the guiding principles used in their resolution.

Review

This Stewardship policy is reviewed annually by the Insight Responsibility Oversight Committee.

Supporting materials

This policy should be read in conjunction with our wider suite of responsible investment policies, which can be accessed here. Of particular relevance are our:

- Responsible Investment Policy
- Conflicts of Interest Policy
- Proxy Voting Policy

Full details of how Insight invests responsibly and exercises stewardship are published on our website (www.insightinvestment.com).

Key terms in this document are defined in our ESG and responsible investment glossary, available here.

WEAPONS POLICY

Insight does not invest in companies involved with the production, sale or maintenance of cluster munitions or landmines.

There are two major international conventions that address cluster munitions and landmines specifically:

- **The Convention on Cluster Munitions (2008):** This Convention restricts the manufacture, use, and stockpiling of cluster munitions and the components of these weapons.
- **The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1997):** This Convention, often referred to as the Anti-Personnel Landmines Convention, aims to eliminate antipersonnel landmines around the world.

In line with these international conventions and following their ratification into domestic law by a number of countries, Insight has adopted a global policy which commits it to avoiding direct investments in companies that:

- Design, produce, sell or maintain cluster munitions and/or landmines.
- Undertake research and development to develop cluster munitions and/or landmines.
- Breach the requirements of the Convention on Cluster Munitions or the Anti-Personnel Landmines Convention.

This policy:

- Applies across all asset classes.
- Excludes affiliated companies: that is, companies with affiliations or commercial relationships with screened companies will not be excluded from investments.
- Does not apply to passive holdings in index-tracking instruments.

IMPORTANT INFORMATION

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, taxes and charges and these can have a material detrimental effect on the performance of an investment. Taxes and costs incurred when purchasing, holding, converting or selling any investment, will impact returns. Costs may increase or decrease as a result of certain currency conversions, such as currency hedging, and exchange rate fluctuations.

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. 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.

Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialise or vary significantly from the actual results. Accordingly, the projections are only an estimate.

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

ASSOCIATED INVESTMENT RISKS

ESG

- **Investment type:** The application and overall influence of ESG approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG factors which may be applied and ESG industry practices applicable in a particular investable universe.
- **Integration:** The integration of ESG factors refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG factors in this way will not typically restrict the potential investable universe, but rather aims to ensure that what we believe to be relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.
- **Ratings:** The use and influence of our ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without specific ESG or sustainability objectives, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.
- **Engagement activity:** The applicability of Insight firm level ESG engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved.
- **Reporting:** The ESG approach shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.

  Performance/quality: The influence of ESG criteria on the overall risk and return characteristics of a portfolio is likely to vary over time depending on the investment universe, investment strategy and objective and the influence of ESG factors directly applicable on valuations which will vary over time.
- **Costs**: The costs described will have an impact on the amount of the investment and expected returns.
- **Forward looking commitments and related targets:** Where we are required to provide details of forward-looking targets in line with commitments to external organizations, these goals are aspirational and defined to the extent that we are able and in accordance with the third party guidance provided. As such we do not guarantee that we will meet them in whole or in part or that the guidance will not evolve over time. Assumptions will vary, but include whether the investable universe evolves to make suitable investments available to us over time and the approval of our clients to allow us to align their assets with goals in the context of the implications for their investments and issues such as their fiduciary duty to beneficiaries.

Insight applies a wide range of customized ESG criteria to mandates which are tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific ESG criteria applicable to a Fund or portfolio. Please refer to the investment management agreement or offering documents such as the prospectus, Key Investor Information Document (KIID/KID) or the latest Report and Accounts which can be found at www.insightinvestment.com and where applicable information in the following link for mandates in scope of certain EU sustainability regulations https://www.insightinvestment.com/regulatory-home/sustainability-regulations/; alternatively, speak to your main point of contact in order to obtain details of specific ESG parameters applicable to your investment.

Fixed income, liability-driven investment and multi-asset

Where the portfolio holds over 35% of its net asset value in securities of one governmental issuer, the value of the portfolio may be profoundly affected if one or more of these issuers fails to meet its obligations or suffers a ratings downgrade.

A credit default swap (CDS) provides a measure of protection against defaults of debt issuers but there is no assurance their use will be effective or will have the desired result.

The issuer of a debt security may not pay income or repay capital to the bondholder when due.

Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment.

Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.

Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.

Where high yield instruments are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.

The investment manager may invest in instruments which can be difficult to sell when markets are stressed.

Exposure to international markets means exposure to changes in currency rates which could affect the value of the portfolio.

Where leverage is used as part of the management of the portfolio through the use of swaps and other derivative instruments, this can increase the overall volatility. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment would be magnified to the extent that leverage is employed by the portfolio. Any losses would therefore be greater than if leverage were not employed.

Property assets are inherently less liquid and more difficult to sell than other assets. The valuation of physical property is a matter of the valuer's judgement rather than fact.

While efforts will be made to eliminate potential inequalities between shareholders in a pooled fund through the performance fee calculation methodology, there may be occasions where a shareholder may pay a performance fee for which they have not received a commensurate benefit.

Currency risk management

Currency hedging techniques aim to eliminate the effects of changes in the exchange rate between the currency of the underlying investments and the base currency (i.e. the reporting currency) of the portfolio. These techniques may not eliminate all the currency risk.

Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment.

Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.

Where leverage is used as part of the management of the portfolio through the use of swaps and other derivative instruments, this can increase the overall volatility. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment would be magnified to the extent that leverage is employed by the portfolio. Any losses would therefore be greater than if leverage were not employed.

Cash

An investment in a money market fund is not a guaranteed investment and it is different to an investment in deposits as the principal invested is capable of fluctuation. The Fund does not rely on external support for guaranteeing its ability to sell its assets and/or meet redemptions (liquidity) or stabilising the fund's price per unit/share (Net Asset Value). There is a risk of loss of the principal invested, which is borne by the investor.

Where the portfolio holds over 35% of its net asset value in securities of one governmental issuer, the value of the portfolio may be profoundly affected if one or more of these issuers fails to meet its obligations or suffers a ratings downgrade.

This is not a banking product and whilst preservation of capital is a major component of the objective it is not guaranteed. The value of capital invested in a money market fund may fluctuate. Neither Insight nor any other BNYM group company will provide capital support in the event of any capital loss, which will be borne by the investor.

The issuer of a debt security may not pay income or repay capital to the bondholder when due.

OTHER DISCLOSURES

This document is a financial promotion/marketing communication and is not investment advice.

This document is not a contractually binding document and 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, investor rights, KIID risk profile, financial and non-financial investment terms and before investing, where applicable, investors should refer to the Prospectus, other offering documents, and the KIID which is available in English and an official language of the jurisdictions in which the fund(s) are registered for public sale. Do not base any final investment decision on this communication alone. 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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