

Voya Investment Management

Engagement Policy



Effective Date: November 08, 2021

Philosophy

Voya Investment Management's long-term perspective favors sound investment principles aligned with the priorities of our clients. Our focus on consistent delivery of strong results is reflected in our investment performance. Accordingly, our active ownership activities are designed to protect and enhance the economic value of the companies¹ in which we invest on our clients' behalf. We do this through exercising our voting rights at shareholder meetings, engaging with issuers of securities in which we have invested, and collaborating with other stakeholders to encourage companies to drive value and long-term sustainability.

Voya Investment Management (Voya IM) believes that on-going discussions with senior management and board members of companies are essential to understand the business in which we have invested and to promote best practices and long-term sustainability. Therefore, communication between our Investment teams and the Active Ownership team (AO team) is critical to ensuring our engagements with issuers address all relevant environmental, social and governance concerns. Engagements focused on Environmental, Social, or Governance (ESG) matters are led by the AO team, and may also include members of our Investment teams. In addition, the Investment teams (Portfolio Managers and Analysts) engage with issuer management teams to address a range of fundamental questions and concerns, which may include issues that can be classified as ESG.

To that end, Voya IM has developed engagement guidelines to describe our engagement philosophy, objectives, priorities, methodology, tracking, and escalation. These guidelines are designed to help our companies understand the AO team's engagement goals and expectations, thereby fostering mutually productive dialogue.

Objectives

The AO team aspires to improve the long-term sustainability of the companies in which Voya IM invests by promoting ESG best practices through our proxy voting and engagement activities as well as collaborative discussions with other institutional shareholders. Therefore, the purpose of all engagements conducted by the AO team is to have a constructive dialogue between the company and the AO team. Our goal is to understand how the company is addressing its ESG risks and opportunities, better understand each other's views and objectives, develop a long-term relationship beneficial to both parties, and encourage utilizing generally accepted reporting frameworks such as TCFD, SASB, EEO-1, GRI, etc.

Oversight

Voya IM has a dedicated Active Ownership team led by the SVP and Head of Active Ownership. This team is responsible for ESG engagements and proxy voting for all companies in which Voya IM is invested. The Head of Active Ownership reports into the co-Head of Equity Research, chairs the Proxy Committee, and is a member of Voya IM's ESG Steering Committee and related working groups. The AO team works closely with applicable investment professionals to discuss various proxy voting proposals and/or engagement matters.

¹This policy applies to all asset classes in which Voya IM invests including private credit and private equity.

Priorities

The AO team seeks to proactively engage with companies. Factors the AO team considers when prioritizing its engagements include:

1. Open or unresolved matters from prior engagements,
2. Issues highlighted by Voya IM's proprietary ESG scorecards
3. Requests by Voya IM analysts, portfolio managers, and/or ESG research team members,
4. Poor disclosure of material ESG matters including climate transition and human capital management strategies,
5. Opposing votes at recent shareholder meetings,
6. Clarification of material matters in the company's filings,
7. Proxy contests or Vote No campaigns, and
8. Absolute and relative size of our investment in the company.

Methodology

The AO team:

1. Welcomes engagement outreach from all the companies in which we invest.
2. Encourages annual engagement meetings.
 - a. Requests more frequent engagement meetings if there is a material and/or immediate concern.
3. May write letters to companies if:
 - a. The company has a problematic practice in place; for example, a board of directors that lacks diversity, inadequate disclosure of material environmental and/or social risks, or the use of multiple share-classes to control shareholder vote;
 - b. Our concerns regarding a specific proposal was not resolved prior to the shareholder meeting, resulting in an opposing vote being cast; and/or
 - c. The company repeatedly declines our request to engage.
4. Is amenable to items on the agenda of individual engagement meetings; however, we generally seek to engage with companies on the following topics:
 - a. corporate governance best practices, including board independence, structure, diversity, and executive compensation,
 - b. Social matters such as human capital management, employee talent / development, turnover, engagement, benefits, gender parity, and diversity, equity, and inclusion.
 - c. Approach to mitigating and preparing for environmental issues, including achieving net zero by 2050, pollution and ecological impact, goals and metrics used to measure and report these matters, and board oversight and
 - d. Shareholder meeting specific concerns.
5. Limits the number of engagements during the second quarter due to the volume of proxies requiring research and voting during "season". However, if necessary, the AO team may engage with a company if one or more of the large proxy advisory firms recommends opposing the company's recommendation(s).
6. Encourages the most efficient and effective method when engaging with companies including in-person and video meetings, conference calls, and collaborative engagements (multiple investors participate in the engagement meeting), and written engagements.

The AO team will participate in collaborative discussions with other investors for two reasons. First, as members of various ESG-related organizations, we collaborate with other investors to discuss how best to drive change and raise the awareness of ESG best practices. Second, we will participate with other investors in collaborative engagements with companies if we are unable to engage with a company one-on-one. While we prefer to engage with companies on a one-on-one basis, we appreciate the opportunity hear other investors' concerns or questions.

Tracking & Escalation

The AO team tracks, measures, and monitors their engagements and the feedback provided. This allows the AO team to evaluate the company's ESG advancement, assess any modifications made on matters for which we provided feedback, and determine the frequency of future meetings necessary to follow up on our feedback.

The AO team considers an engagement impactful/successful if the company addresses the issues identified and/or continues to make progress to improve their ESG efforts.

The AO team's engagement notes are made available to the Voya IMs research analysts and portfolio managers. The AO team will escalate an issue to the applicable research analyst and/or portfolio manager if the AO team believes that the company's actions or inactions could negatively impact the value of the securities in which we invest. Further, the AO team shares a summary of their quarterly engagements with the Voya IM Proxy Committee and the Board of Directors of the Voya mutual funds, highlighting any material issues for which the Committee and/or Board should be aware.

Meeting Materials, Attendees and Preparation

The AO team does not have specific requirements on the nature of meeting materials, attendees, or pre-meeting preparation as we believe it is best to let the circumstances of the engagement dictate the meeting preparation. Nevertheless, we believe the following are examples of best practices:

1. Material is not required to be sent in advance, but summary presentations are a particularly useful format on which to frame the meeting.
2. Engagement meetings should be a minimum of 45 minutes; longer if there are material concerns.
3. Meeting participants include at least one AO team member; a Voya IM investment professional may participate as well.
4. Company attendees should include senior management and/or board members who can speak to the matters outlined in #4 above as well as other attendees required to discuss additional matters both parties wish to discuss. Examples of suggested individuals include lead director, board committee chair(s), corporate secretary, general counsel, chief financial officer, chief human resources officer, and head of sustainability.
 - a. Third-party proxy solicitors may join the call; however, the AO team must be notified in advance before joining the call as a participant, and act as a neutral observer throughout.
5. We endeavor to prepare for each engagement call by reviewing the company's recent proxy statement and corporate sustainability report, vote results from prior shareholder meetings, recent internal analyst reports, proxy advisory firms' analyses reports, etc. In our experience, engagement meetings are more productive when each participant has the proper context ahead of time.

How to Contact

Issuers, and third-party proxy solicitors retained by an issuer, may request meetings by emailing proxycoordinator@voya.com.

Please include the following in the request:

- Dates and times available for the meeting; please note the AO team is in Arizona.
- Contact details for the individual in charge of arranging the meeting.
- Names and titles of attendees.
- A general description of the purpose of the meeting and topics the company would like to discuss.

Environmental, social and governance ("ESG") factors can impact the investment risk and return profiles of our investments. Investing based on ESG factors may cause a strategy to take risks or forego exposures available to strategies or products that do not incorporate ESG factors, which could negatively impact performance. There is no assurance that investing based on ESG factors will be successful. Past performance is no guarantee of future results.