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# RESPONSIBLE STEWARDSHIP AT INSIGHT: 2026 REPORT



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**BNY** | INVESTMENTS

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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 III.

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

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'.

# FOREWORD



**Raman Srivastava,**  
CEO



**Adrian Grey,**  
Global CIO

A core focus at Insight is to help our clients achieve greater certainty in meeting their long-term objectives. As a specialist manager focused on risk management and fixed income, we recognise the important role that effective stewardship and responsible investment can play in delivering on that purpose.

This report sets out how we embed our responsible investment principles across our investment activities, where relevant and practical, and in line with our clients' expectations. It also illustrates how these principles inform our stewardship activity.

In a shifting world, our emphasis on responsible investment remains steadfast. This is grounded in our responsible investment principles, which emphasise our focus on our clients' goals; the need to consider and respond to financially material issues, including sustainability and governance factors; and ensuring we have an evidence base for our views and decisions.

This does not, however, mean standing still. Over time, our responsible investment approach has evolved in line with our clients' needs and the external environment. Over the last year, we have taken deliberate steps to streamline our responsible investment governance, ensuring it remains robust, proportionate and focused on the areas that matter most to our clients. By simplifying structures where mandates have been fulfilled and by sharpening our focus on priority themes, we have clarified our decision making, installed stronger accountability and looked to reinforce the delivery of outcomes. This reflects both the increasing maturity of our responsible investment practices and our desire to deploy our resources where they can have the greatest impact.

We continued our work to engage with debt issuers to understand and analyse the issues they face, with 936 engagements in 2025 overall, and 150 engagements specifically focused on sustainability and governance issues. In an

environment in which there were challenges to carrying out such engagements, we increased the number we completed year-on-year.

We also ensured that our stewardship activity remained broad-based. We recognise that many of the risks facing our clients are systemic in nature and cannot be addressed through investment decisions alone. As a result, advocacy and engagement on market-wide issues form an important part of our stewardship responsibilities. In 2025, we actively engaged with policymakers, regulators, industry bodies and other stakeholders to promote well-functioning financial markets and to address systemic risks that could affect our clients' ability to meet their objectives. These efforts include advocacy on sustainability-related issues where they are financially relevant, alongside broader market structure and policy considerations that influence resilience, liquidity and long-term stability.

As our approach to stewardship matures, so does the environment in which we operate. Notably, we have taken account of the changes introduced in the 2026 UK Stewardship Code, and believe our stewardship practices exceed expectations set out in the revised Code. Our focus remains clear: to act as a responsible steward of our clients' capital, guided by their expectations, today and over the long term.

We hope this report demonstrates how our stewardship activities, governance arrangements and advocacy efforts work together to achieve this goal.

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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 Organisation, investment beliefs and stewardship approach

Insight's mission, culture, and investment beliefs enable the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.

## Overview

### Key statements

#### Our organisation

- **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.
- **Insight is entrusted with £632bn of assets<sup>1</sup>**. We focus on risk management (including LDI strategies) and fixed income solutions, with 95% of our client base comprised of institutional asset owners, based on assets under management; most of these assets are managed via segregated mandates rather than pooled funds.
- **A significant proportion 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.

#### Our investment beliefs and stewardship approach

- **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.
- **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 has a clearly defined role in how we believe good investing should be carried out.

<sup>1</sup> As at 31 December 2025. 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.

# 1.1 OUR ORGANISATION

Insight's purpose is to partner with clients to reach their financial goals with clarity, confidence and certainty by delivering innovative, tailored solutions. This is only possible if we seek to integrate relevant financially material considerations – which may include sustainability factors – 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 interest and help find solutions that balance their benefits with those of society at large.

Aligning all 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 stewards of society's savings, we also believe we have broader responsibilities to the world in which we operate. This starts with ensuring that our investment processes effectively consider financially material 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.

## INSIGHT'S BUSINESS

Insight is one of the world's largest investment managers<sup>2</sup> responsible for £632bn in assets.<sup>3</sup> The charts overleaf provide a breakdown of these assets.

Notably, over 95% of our client base, based on assets, is institutional. Some 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 meetings and open dialogue to maintain clear and open communication.

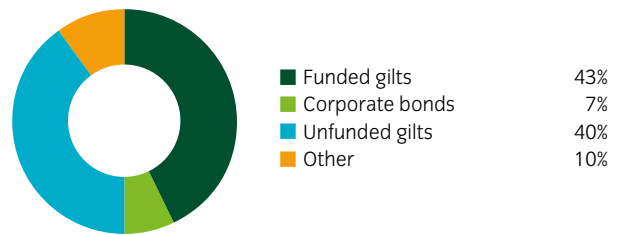
For clients with segregated mandates, their specific needs and expectations are reflected in an Investment Management Agreement (IMA) which sets out their requirements. A combination of Insight's internal controls and our clients' advisers serve to monitor Insight's activity and performance to ensure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

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.40%) 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 1.

Figure 1: Indicative asset-class breakdown of Insight's UK liability hedge exposure (c.£200bn)<sup>4</sup>



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 match their required time horizons. This 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 equally cognisant of the needs of our clients whose parameters are different.

Less than 1% of Insight's assets under management are invested in strategies sub-advised by other asset managers.

<sup>2</sup> Source: The world's largest 500 asset managers, November 2025, Thinking Ahead Institute.

<sup>3</sup> As at 31 December 2025. 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.

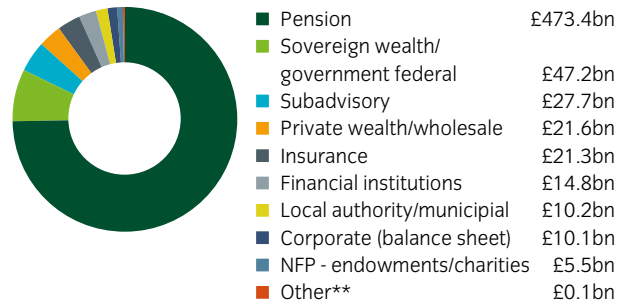
<sup>4</sup> As at 31 December 2025. This information is indicative only. Exposure for leveraged mandates and AUM for fully funded LDI mandates for UK clients.

## INSIGHT'S AUM<sup>5</sup>

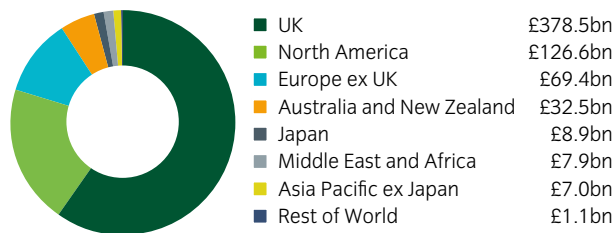
By investment area



By client type



By geography



Institutional and retail



## 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:** We encourage an inclusive culture where individuals feel part 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.

**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:** We believe that 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.

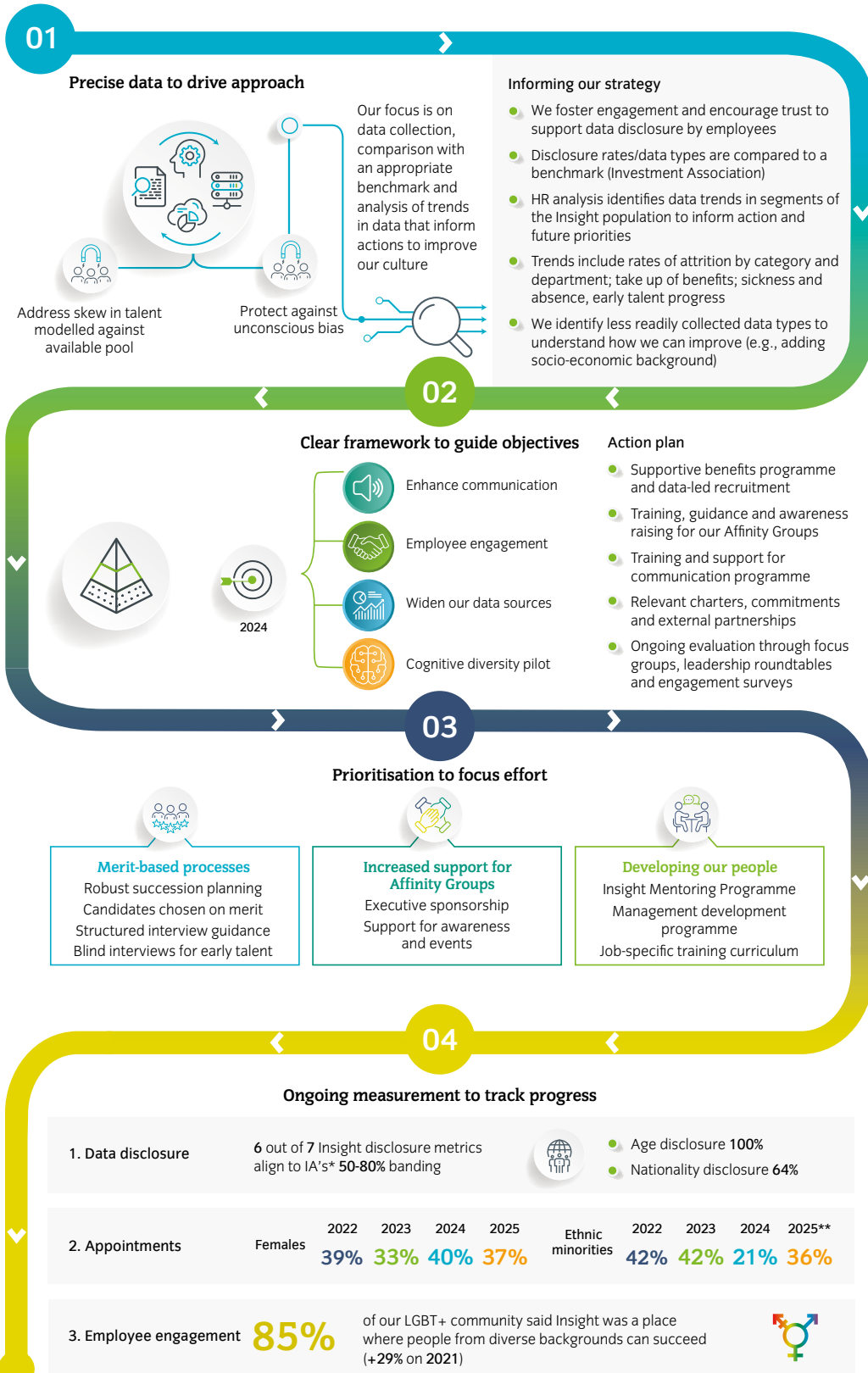
**Continuous Improvement:** We encourage a culture of innovation and challenge in which colleagues are encouraged to improve upon their successes. This ultimately feeds through into new investment ideas and services which evolve our solutions for client needs. Individuals can pursue training and development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

We conduct an anonymous, voluntary engagement survey for Insight employees, with the most recent survey in 2024 and the next survey due in 2026. Insight's Executive Management Committee reviews results and establishes priorities in an action plan designed to address key areas of feedback from colleagues.

<sup>5</sup> As at 31 December 2025. 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.

## 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 which asks voluntary diversity-specific questions around characteristics such as sexual orientation and ethnicity. The data collected is anonymised and employee information remains confidential. The information allows us to contrast responses at a firm level with the responses of a specific population defined by a diversity characteristic, i.e. gender, ethnicity or sexual orientation.



\* Source: IA culture, talent and inclusion report: A demographic snapshot of the industry, November 2024.  
 \*\* Derived from disclosures by 52% of new starters.

## 1.2 OUR INVESTMENT BELIEFS AND STEWARDSHIP APPROACH

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 across a range 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.

Our philosophy and approach in 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 investment management firms who continuously develop their responsible investment approach to have the potential to deliver better risk-adjusted returns in the long term.

### RESPONSIBLE INVESTMENT AND STEWARDSHIP

Insight's philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making where it is practical and relevant to do so. Stewardship has a clearly defined role in how we believe good investing should be carried out.

#### 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.

Our approach is underpinned by the belief that environmental, social and governance (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 may be far-reaching in its long-term implications for the broader financial market and so is of particular relevance for many of our clients, particularly those with long-term objectives. Social factors, such as labour dynamics across the supply chain or demographic changes, can materially shift investors' assessments of value. Governance factors ranging from the quality of institutional frameworks to respect for the rule of law can materially influence long-term investment performance.

Integrating such 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 sustainability factors, when making decisions regarding the acquisition, monitoring and disposal of investments. Our integration of such 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 in-house Prime ESG ratings and in-house research.

To this end, we aspire to integrate relevant sustainability factors across mandates, where practicable, based on the relevance to the investment strategy (see below) and subject to the terms of our mandate with the underlying client. This integration takes place regardless of whether such mandates include specific sustainability exclusions, constraints or targets and is underpinned by a belief that delivering superior investment solutions can depend on the effective management of the financially material 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:

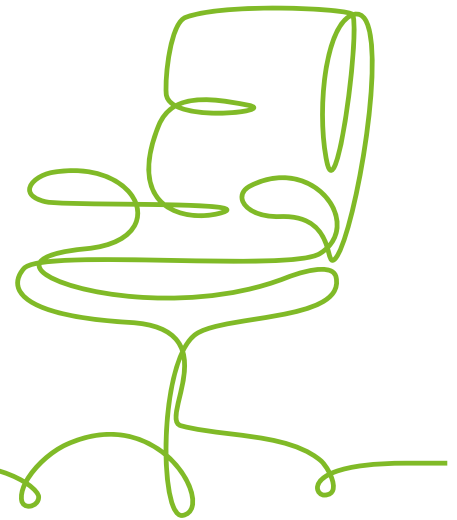
- For our systematic fixed income strategies, integration is portfolio-dependent and rules-based, and largely dependent on exclusionary and tilting processes – engagement is not part of the toolkit for these mandates as there is limited fundamental analysis within the investment process for these strategies.
- For our municipal bond strategies, while engagements are predominantly focused on non-ESG topics, we have metrics relevant to our strategies.
- For many of our LDI mandates, while we follow a process which integrates sustainability factors where they are relevant (e.g., this may apply within counterparty selection or at an underlying asset-class level), such 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 such factors to the investment case.
- Where 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, activity and outcomes outlined in **Section 6** are relevant for our discretionary-managed mandates, which account for the majority of our assets under management.



# 2

## Governance and resources



Insight's governance and resources support stewardship.

### Overview

Key statements		
Governance	Oversight	<ul style="list-style-type: none"> <li>Governance of the firm is carried out through Insight's Board of Directors. The day-to-day management of Insight is delegated to the CEO with the support of the Executive Management Committee (EMC). The EMC is the key business management committee for Insight.</li> <li>The Insight Responsibility Oversight Committee (IROC) has oversight and accountability for all sustainability-related activities and engagement within Insight, including but not necessarily limited to global responsible investment and corporate sustainability activities.</li> </ul>
	Effectiveness of our governance structure and processes	<ul style="list-style-type: none"> <li>There is a formal process by which the governance structure of IROC and its sub-groups are reviewed at least annually. In 2026, the Sustainability Philosophy Group, Sustainability Framework and Governance Group and the RI Training Group have been retired given their core mandates have been fulfilled.</li> </ul>
Resources	Resourcing of our responsible investment capabilities	<ul style="list-style-type: none"> <li>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.</li> <li>All Insight staff have access to a range of training resources on responsible investment and related topics available through Insight and BNY.</li> </ul>
	Resourcing of third-party service providers supporting our activities	<ul style="list-style-type: none"> <li>We only rely on third-party providers for stewardship services when necessary, such as specialist data providers and proxy voting services.</li> </ul>
Incentives		<ul style="list-style-type: none"> <li>Performance appraisals of credit analysts, portfolio managers and other relevant specialists include ESG-related responsibilities.</li> </ul>

## 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 communication, accountability, transparency, collaboration, and effective decision-making.

### OVERSIGHT

Insight is owned by The Bank of New York Mellon Corporation (BNY) and has investment decision-making autonomy, operating with an independent management structure and boards. The ownership structure works well for Insight's clients and colleagues: 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.

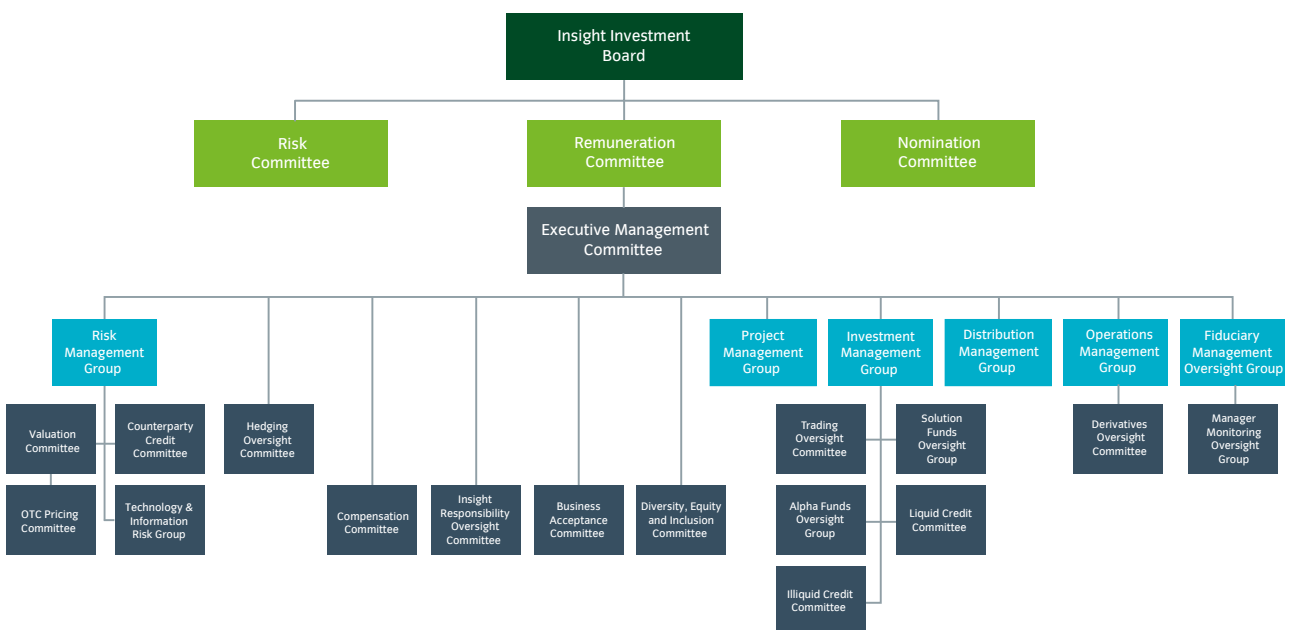
#### Insight Board of Directors

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 Executive Management Committee (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. As such there are multiple reporting lines within Insight that feed directly and indirectly into the Board. Insight has aimed to integrate sustainability and governance-related activities into its business-as-usual processes. Establishing key committees such as the IROC has been one way of achieving this. Progress on sustainability and governance 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 colleagues and investors.

Figure 2: Insight governance structure (including delegated sub committees and working groups)



The EMC and/or its sub-committees are responsible for designing initiatives that contribute towards good stewardship. The CEO and Global Chief Risk Officer (CRO) are members of both the Board and the EMC. They are 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.

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.

## 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.

As mentioned above, in early 2026 the Sustainability Philosophy Group, Sustainability Framework and Governance Group, and the RI Training Group have been retired given their core mandates have been fulfilled. Under the RIG, the Solutions Responsible Investment Working Group has been retired.

See **Section 3** for an outline of discussions within the Board on sustainability matters in 2025.

## OVERVIEW OF COMMITTEES AND GROUPS RELEVANT TO RESPONSIBLE INVESTMENT AND STEWARDSHIP

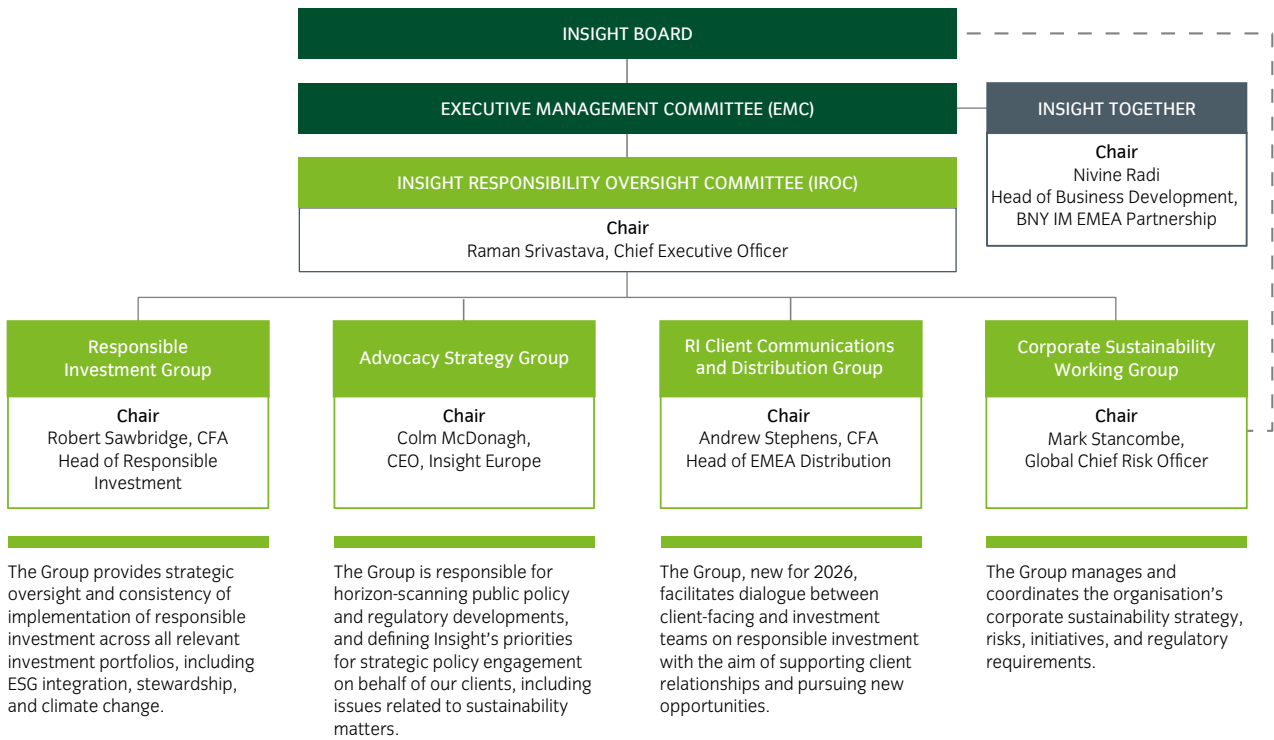
### Insight Responsibility Oversight Committee (IROC)

The Insight Responsibility Oversight Committee (IROC) has oversight and accountability for all sustainability-related activities and engagement within Insight, including but not necessarily limited to global responsible investment and corporate sustainability activities.

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 CRO
- Global Chief Compliance Officer
- Global Head of Fixed Income
- Head of Responsible Investment
- Global Head of Distribution

**Responsible Investment Group (RIG)**

The RIG is a key group that reports to IROC. We provide more details of the RIG below.

**New for 2025: Advocacy Strategy Group**

The Advocacy Strategy Group (ASG) is responsible for horizon scanning public policy and regulatory developments, defining Insight's priorities for strategic policy engagement on behalf of our clients, including issues related to sustainability matters. The Group monitors progress against priority initiatives,

assesses the impact of the advocacy programme and oversees the external relationships we maintain to support policy engagement.

Its role is:

- establishing Insight's priorities and objectives regarding proactive advocacy on public policy and regulation;
- identifying and assessing public policy and regulatory developments and selecting targets for proactive advocacy efforts;
- developing Insight's advocacy programme, where relevant coordinating with BNY's Public Policy and Government Affairs (PPGA) team; and
- overseeing Insight's external relationships and memberships relevant to advocacy, ensuring positive impact and benefits relative to the associated costs.

**New for 2025: Corporate Sustainability Working Group**

The Corporate Sustainability Working Group (CSWG) is a cross-functional group that coordinates the organisation's corporate sustainability strategy, risks, initiatives, and regulatory requirements. The Group is responsible for

coordinating the firm’s overall corporate sustainability requirements and liaising with BNY on sustainability topics, to support our parent company’s needs and ensuring alignment where necessary.

**RI Client Communications and Distribution Group**

The Group facilitates dialogue between client-facing and investment teams on responsible investment with the aim of supporting client relationships and pursuing new opportunities, building on the outputs from the now retired Sustainability Investment Philosophy Group and RI Training Group.

**In-depth: the 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., the EU Sustainable Finance Disclosure Regulation, or SFDR).
- **Review and assurance:** Identifying enhancements and prioritising updates to our responsible investment

approach, including satisfactorily addressing findings of internal audit and compliance reviews.

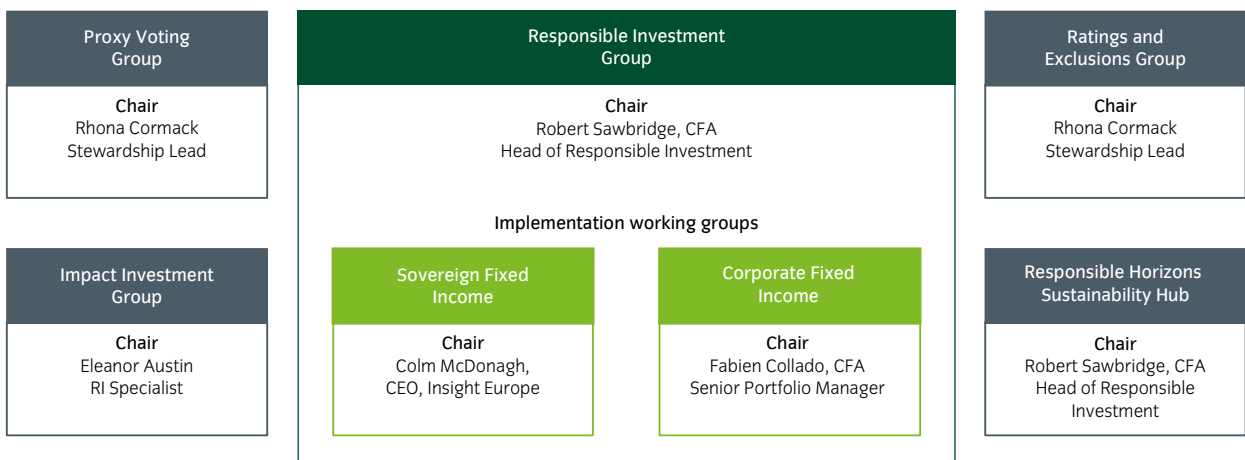
- **Setting responsible investment policies:** Formulating and reviewing stewardship and responsible investment policies and fully considering the application of these policies to investment governance within specialist capabilities.

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 several times a year. 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 exclusion policies and confirming changes to Insight exclusion lists and ESG ratings. Its responsibilities include the following:

- The REG has a mandate to review and approve sector and/or issuer exclusions. 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.

Exclusion policies may apply in certain circumstances, either to fulfil specific legal and/or regulatory requirements or where a client mandate (and/or relevant product documentation) defines a requirement to exclude specific securities (or categories of securities) from a portfolio.

### 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 cast 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 9** for more information.

### New for 2026: Responsible Horizons Sustainability Hub

The Responsible Horizons Sustainability Hub meets quarterly and is chaired by Robert Sawbridge, the Head of Responsible Investment. The Hub is attended by responsible investment analysts and relevant portfolio managers, and is a forum for monitoring sustainability performance.

The agenda typically includes facilitating discussion on holdings and positioning from a sustainability perspective, monitoring performance across structural sustainability targets, assessing UN Global Compact and controversy flags from data providers, and creating feedback loops for stewardship activities to align future priorities. A selection of case studies is presented every quarter to highlight engagements with both positive and negative sentiment.

### Impact Investment Group

Insight's Impact Investment Group aims to ensure that bonds and issuers consistently meet our high standards for positive impact. While the Group supports Insight's firm-wide impact investing approach and all strategies with impact allocations, it is primarily geared towards dedicated impact strategies due to their exclusive focus on impact instruments.

The Group confirms issuer classifications and conducts regular reviews of ratings for bonds and issuers. Every 18 months, sectors are benchmarked on key impact metrics, original rationales are validated, and post-issuance reporting is assessed, leading to one of three outcomes: reaffirm classification, place on watchlist for engagement, or downgrade.

Voting members include responsible investment and credit specialists, while non-voting members include portfolio managers of relevant strategies.

## 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. 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 stakeholders where practical and relevant to do so. This includes analysis of and dialogue covering relevant and material sustainability factors that could affect the entities in which we invest, and the application of relevant 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.

The Responsible Investment Team works closely with, and supports, our team of 293 investment professionals, a breakdown of which is shown below. Of our investment professionals, 105 are based in the US.

Investment team	Total	Average years' industry experience	Average years' tenure at Insight
Fixed income	183	19	13
LDI	65	18	11
Multi-asset	12	19	11
Currency	23	18	12
Other	10	20	10
<b>Total</b>	<b>293</b>	<b>19</b>	<b>12</b>

As at 31 December 2025. 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.

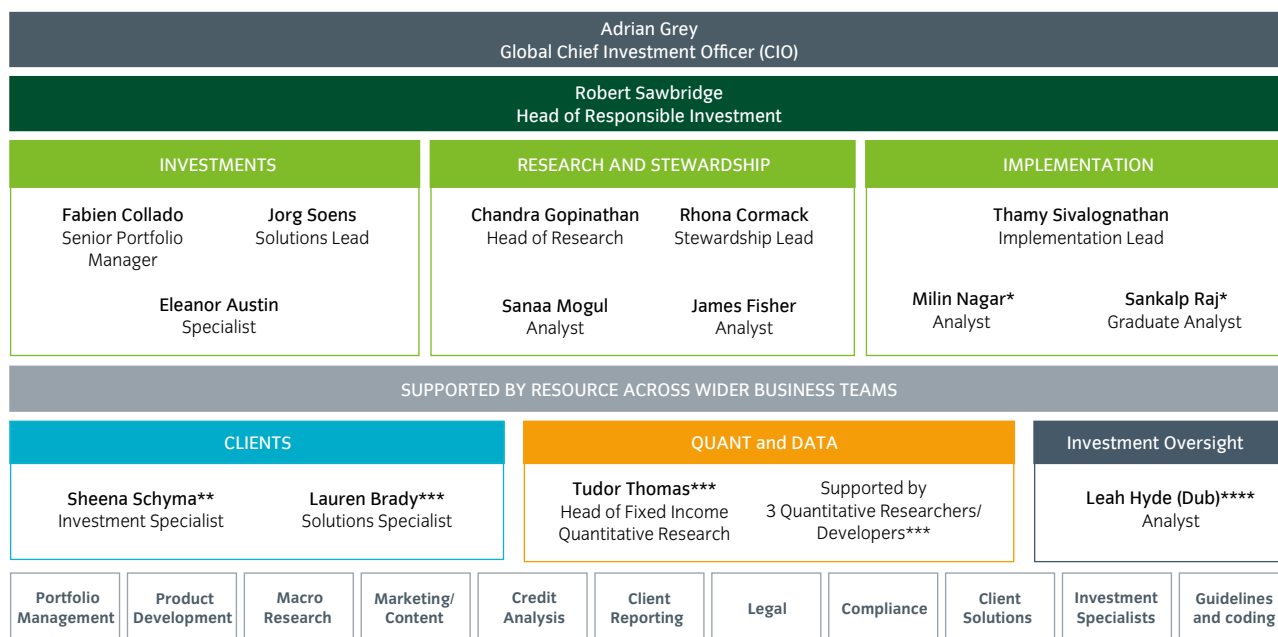
The **Responsible Investment Team** guides and oversees the overall responsible investment programme at Insight across asset classes and investment teams. Its primary focus is on ensuring effective integration of responsible investment across investment teams as well as defining and implementing the investment strategy and parameters of our responsible investment solutions.

The Team consists of specialists with expertise relating to five pillars: investments, research and stewardship, implementation, clients, and quantitative analysis and data. Collectively, they work to directly support Insight's responsible investment efforts. They are further supported by other groups across Insight where responsible investment accountabilities form part of their broader roles, including but not limited to credit analysis, client reporting, guidelines and coding.

- **Investments** specialists are responsible for overseeing responsible investment portfolio management capabilities, including day-to-day management of Responsible Horizons investment strategies and segregated sustainability-focused mandates; leading the design and development of our responsible investment products, solutions and frameworks; impact bond analysis; and engaging with service providers.
- **Research and stewardship** specialists are responsible for leading Insight's thematic research on responsible investment; sovereign stewardship and advocacy through direct engagements and collaborative initiatives; and stewardship and engagement with issuers and counterparties.
- **Implementation** specialists focus on delivering an effective operational infrastructure to support clients' sustainability outcomes.
- **Client** specialists support portfolio management by communicating responsible investment aspects of our strategies to clients and support the delivery of strategic projects.
- **Quantitative analysis and data** specialists are responsible for the development and management of our responsible investment data architecture and proprietary ratings.

Alongside the team, an investment oversight specialist works closely with the RI Team to support the implementation and evolution of RI-related considerations within processes and procedures across investment teams.

Figure 5: Responsible Investment Team<sup>6</sup>



## RESOURCING INSIGHT'S INVESTMENT TEAMS

### Fixed income

Insight's Fixed Income Group is responsible and held accountable for upholding our stewardship and responsible investment-related priorities. This process is overseen by

Peter Bentley, Global Head of Fixed Income, who in turn reports into Adrian Grey, Global CIO. 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 6: Responsible investment groups under RIG

Topic	Corporate Fixed Income	Sovereign Fixed Income
Mandate	To effectively apply the responsible investment strategy across corporate fixed income, in particular: <ul style="list-style-type: none"> <li>• High ESG risk issuers</li> <li>• Significant ESG changes</li> <li>• Thematic issues</li> <li>• Research requirements</li> <li>• Engagement outcomes</li> <li>• Process enhancements</li> </ul>	To effectively apply the responsible investment strategy across sovereign fixed income, in particular: <ul style="list-style-type: none"> <li>• High ESG risk issuers</li> <li>• Thematic issues</li> <li>• Research requirements</li> <li>• Engagement outcomes</li> <li>• Process enhancements</li> </ul>

<sup>6</sup> As at January 2026. \* BNY employee, based in Pune, India. \*\* Fully dedicated to responsible investment but reports into other teams. \*\*\* Spends c.30-50% of their time on responsible investment but reports into other teams. \*\*\*\* Spends 75% of their time on responsible investment but reports into other teams. (DUB) based in Dublin, Ireland. Includes 14 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).

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 1** 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 48-strong credit research resource. Insight's credit research resource has an average of 18 years' industry experience and 10 years' tenure at Insight<sup>7</sup>. As part of the fundamental analysis undertaken by our credit analysts, they assess sustainability 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 professionals are also equipped with information and tools to assess sustainability and financial practices to support effective stewardship.

### 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 (including liability-driven investment, or 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.

Unlike fixed income, risk management solutions such as LDI mandates are not a single asset class. They are strategies using a number of asset classes (as explained in **Section 1**, 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.

<sup>7</sup>As at 31 December 2025.

The chair of the Solutions Responsible Investment Working Group concluded, in consultation with the Head of Responsible Investment, that a dedicated group to cover this area was no longer required and would cease as a formal working group in 2026. This is partly reflective of responsible investment being better embedded across the business and achievement of the group's original objectives. It is also aligned with a broader effort to streamline responsible investment governance across Insight's business. The group members will remain involved in responsible investment initiatives (as an example, the chair sits on other responsible investment governance groups) and the group's members may be called together as necessary to address topical issues.

We provide details of the Group's activities in 2025 in **Section 5**.

### Stewardship and responsible investment training

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

For all Insight employees, access to learning material on sustainability-related topics is available to support the technical and theoretical understanding of colleagues. 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.

We aim to build a high level of literacy on topics related to responsible investment, and to help our people navigate a complex set of regulatory expectations.

Our education 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.

In 2025, members of the Responsible Investment Team conducted a series of masterclasses for relevant investment and client-facing teams that we will continue to facilitate knowledge, discussion and innovation on an ever-changing responsible investing landscape.

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

Our Prime ESG and climate risk datasets (see **Section 6** 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 10** for more information.

## 2.3 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
- Bloomberg
- RepRisk
- S&P
- Trucost
- CDP
- Climate Action 100+
- Assessing Sovereign Climate Opportunities and Risk (ASCOR)
- Renewable Energy Policy Network for the 21st Century (REN21)
- Network for Greening the Financial System (NGFS)
- Notre Dame Global Adaptation Initiative (ND-GAIN)
- Intercontinental Exchange (ICE)
- Luxembourg Green Exchange (LGX)
- New for 2026: Impact Cubed

We also incorporate open-source data from:

- Science-Based Targets Initiative (SBTi)
- Transition Pathway Initiative (TPI)
- World Bank

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.

In 2026, we replaced Moody's Vigeo Eiris with Impact Cubed as our data provider for UN SDG alignment, ensuring regulatory compliance for ESG assets, supporting client reporting and reducing operational costs. This was prompted by the closure of the previous service and the need to maintain data coverage.

### 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 Proxy Voting Group (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 9**.

## 2.4 INCENTIVES

Stewardship activity is embedded within the remuneration structure of relevant employees at Insight. The variable pay component is comprised of a discretionary annual bonus award which is delivered in the form of cash awards and deferral awards.

Philosophically, we aim to embed sustainability 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**, 2025 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 ESG objectives customised to reflect their specific activities. Portfolio managers responsible for dedicated sustainability strategies or mandates with client-specified sustainability 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 governance practices alongside environmental and social risk 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 responsible-investment related (including stewardship) objectives, accounting for up to 10% weighting of their annual objectives. Consequentially, such employees are incentivised to actively prioritise responsible investment in 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 where there are concerns over governance practices or environmental/social risk factors that would be the target for a deep-dive engagement, to be agreed with the Global Head of Research.

### Responsible-investment related objectives for Insight credit analysts (10%) include:

- Evidence ESG risks faced by issuers have been reviewed critically.
- Undertake company-specific deep dive engagements as agreed with the Global Head of Research.
- Ensure ESG risk 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 risk scores being strong/weak.

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 colleagues are awarded an annual grant of our LTIP and/or BNY equity-based awards. Deferred awards act as a powerful tool for staff retention and encourage a collective ownership of the strategy and goals of Insight and the broader BNY enterprise, 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.

Deferred awards usually vest pro-rata over three years. The Insight LTIP value is based on an independent external assessment of Insight's market value and 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. In the UK, our employees also have an opportunity to acquire Insight shares from their pre-taxed salary.

# 3 Policies, processes and review



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 day-to-day management of Insight is delegated to the CEO with the support of the EMC. 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 Insight Responsibility Oversight Committee (IROC) has oversight and accountability for all sustainability-related activities and engagement within Insight, including but not necessarily limited to global responsible investment and corporate sustainability activities.
  - The RIG has day-to-day oversight of core stewardship activity and there are dedicated internal working groups that meet regularly to discuss stewardship and responsible investment themes.

- Activity/ Outcome**
- 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 approach. 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:
    - Understand our clients' reporting needs.
    - Generate relevant reporting in a clear and relevant format.
    - Review reporting (both the data and the format) internally.
    - 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.

## 3.1 GOVERNANCE OF POLICIES AND PROCESSES

Our governance structure, processes and oversight are explained in detail in **Sections 1** and **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 day-to-day management of Insight is delegated to the CEO with the support of the EMC. 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 Insight Responsibility Oversight Committee (IROC) has oversight and accountability for all ESG-related activities and engagement within Insight, including but not necessarily limited to global responsible investment and corporate sustainability activities.

In 2025, the Board's discussions and oversight activity of ESG-related matters included Insight's responsible investment principles, training on sustainability issues, and reporting on such issues including disclosures under the UK Streamlined Energy and Carbon Reporting (SECR) regulations.

Furthermore, there are dedicated internal groups that meet regularly to discuss stewardship and responsible investment themes. These include the Responsible Investment Implementation Working Groups focused on corporate and sovereign fixed income – see **Section 2** for more information.

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 Stewardship Policy, and Controversial Weapons Policy (these are available in Appendix I) and our Proxy Voting Policy (see **Section 9** for more information).

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 strategy.

### ESG policy framework enhancements

Activity within Insight's ESG policy framework in 2025 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 networks in which Insight participates and/or to whom Insight is a signatory
- 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 sustainability-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.

## 3.2 PROCESSES SUPPORTING INSIGHT'S ESG AND INVESTMENT INTEGRATION – 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 sustainability risks can be crucial for effective investment decisions, but data providers often disagree, and there are gaps in available information. These data providers are also often equity-centric in their views.

We decided to apply our experience in analysing sustainability 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 in-house ratings, with ESG and climate risk ratings, and now net-zero alignment categorisation for both corporate and sovereign issuers.

Prime ratings are generated using inputs from numerous 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 financially material risks, informing their decision-making and engagement priorities, and to enable tailored portfolios for clients requesting specific sustainability criteria.

Our three 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 rating and a momentum signal for more than 3,000 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 16,000 issuers using raw data.
- **Prime net-zero ratings:** 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. In 2025, we expanded these ratings to categorise sovereign issuers.

Over Q1 2025, our Prime sovereign ESG ratings were superseded by ratings from third-party data provider MSCI, which we deemed to be broadly equivalent and to achieve the same goals as the Prime ratings. When Insight first developed a sovereign ESG rating methodology in 2018, comparable data was not available in the market. Today, we have made this transition to enable a sharpened focus on other areas, such as net-zero ratings for sovereign issuers.

More information on the Prime ratings is available [here](#).

## 3.3 ENGAGEMENT

Engagement is a central pillar of delivering on our stewardship responsibilities. We conduct fundamental and ESG engagements. ESG engagements are conducted on behalf of clients through our UK-based holding company Insight Investment Management Limited (IIML) and its subsidiaries.

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 the investments we manage, though the specific approach will vary across different markets and asset classes.

### 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 clients who wish to apply specific criteria to their mandates to help deliver sustainability outcomes, we have developed sustainable investing strategies to enable them to do so.

A financially material factor is one that is deemed relevant and likely to have a positive or negative impact on the financial value of that investment. It is a core part of our process to engage with issuers on such factors which include, but are not limited to, strategy, capital allocation and competitive positioning. Sustainability factors can also drive engagement where our analysts believe them to have financial relevance. In this sense they are part of the mosaic of factors that should be considered for effective financial analysis.

We recognise however that how an entity behaves in terms of its societal impacts plays an important role in financial materiality. We believe that issuers which effectively manage their sustainability risks and impacts are likely to represent better long-term risk/return opportunities. We therefore also engage on sustainability issues where we believe we can influence improved behaviour, and where such engagement is consistent with protecting or enhancing the return potential of the investment. These two rationales drive why we engage and lead, broadly, to conducting two types of engagement:

1. **Fundamental engagements** – focus on financial materiality and business fundamentals. Typically, these engagements may include sustainability 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** – 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. These engagements conducted with corporate credit issuers are recorded using a dedicated 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 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 initiatives 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 up to 10% of their annual performance evaluation and are referred to in **Section 2**.

### 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 forms part of their annual assessment. 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 a collaborative network or by directly 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 sustainability 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 8**.

## ENGAGEMENT POLICY

Our Stewardship Policy outlines our view of stewardship and how and why we engage (see **Appendix I** for the Policy).

### 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, explained later in this section. Our engagement stages are outlined in Table 1.

Our template for ESG-focused engagements includes the engagement and escalation ratings, which are a mandatory field for all such engagements. Through our reporting system, we can make real-time changes to engagement and escalation stages which enables us to respond to updates from companies.

#### Insight's engagement escalation stages

Progression stage	1. Initiation	2. Objective Communicated	3. Company Acknowledgment	4. Evidence of Progress	5. Objective Achieved
<b>Description</b>	Insight has initiated engagement.	Issues have been communicated with the company.	The entity has acknowledged the issue(s).	The entity 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.

## 3.4 COLLABORATION

We engage with governments and companies to understand and encourage the adoption of best practices. 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 7**. In many cases, such engagements will also 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 where necessary to seek the best outcomes for our clients. We select collaborative initiatives to participate in based on their relevance to financial materiality in portfolios managed by Insight, the importance to Insight's clients, and where Insight believes it can make an effective contribution. 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 Institutional Investors Group on Climate Change (IIGCC), which Insight has supported for nearly two decades. We have played a role in several such initiatives, including the PRI's inaugural sovereign engagement and the IIGCC's sector engagement strategies. Details and examples of our collaborative engagements are provided in **Section 8**.

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 stewardship prioritisation takes an expert-led and informed approach involving multiple internal stakeholders specific to the needs of each asset class or strategy. 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 1** for more information on the institutional and segregated nature of the assets we manage for our clients.

## 3.5 ESCALATION

In cases where do not receive the disclosures or transparency we require, this may lead us to avoid investing in an entity, or to divest a holding if we already hold an issue, if we deem the lack of disclosure to be sufficiently material. 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.

### ESCALATION OF ISSUES AFFECTING FIXED INCOME INVESTMENTS

Our engagement process is customised recognising the characteristics of sub-asset classes in 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 meetings for the relevant investment teams present opportunities for specific 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 which may need to be escalated for engagement. Specific concerns may be escalated to the relevant investment team to be addressed with the relevant issuer in question. This may take place at the buy-and-maintain and RIG meetings or, in some circumstances, at the Sustainability Hub meetings. Issues are also discussed at frequent 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 sustainability-related topics. 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 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 regular buy-and-maintain meeting. This meeting, chaired by the Head of Strategic Credit, shares proprietary ratings and data for each issuer which 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 may typically result in restricted purchases. Where there is either a lack of willingness to engage or improvement is unlikely, we will potentially sell holdings.

In 2026, we are adding a dedicated stewardship meeting for buy-and-maintain strategies to report progress on thematic priorities and flag any concerns, escalated issues or companies where we have been unable to schedule and engagement meeting with them. This will help to ensure our stewardship findings are integrated in portfolio decisions.

**The Ratings and Exclusions Group (REG)** is the key group for proposing 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 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**.

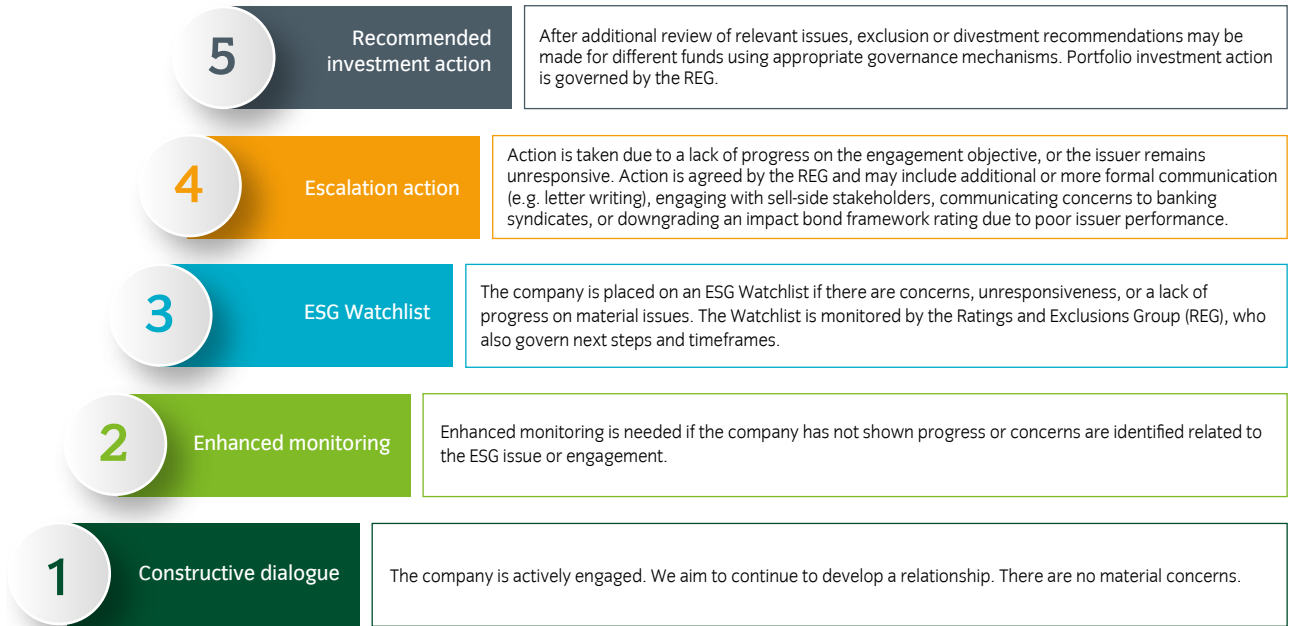
### Escalation linked to worst-in-class Prime corporate and sovereign ESG ratings

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 7: Insight's escalation stages assess receptiveness to dialogue<sup>8</sup>



<sup>8</sup> For illustrative purposes only.



### **CASE STUDY:** Engaging with a counterparty following a worst-in-class rating and withdrawal from sustainability-focused initiatives

**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. We engaged multiple times with the issuer in the past 18 months, escalating the engagement.

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. Since these concerns arose, 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. We engaged with the bank once in 2024 and twice in 2025. The engagements in 2025 concentrated on the bank's decisions to withdraw from sustainability-related initiatives, and whether the bank was truly deprioritising environmental and social risk management.

**Engagement:** Over 2025, the bank's Prime ESG score improved from 5 to 3, after addressing long-standing issues in its governance controversy profile. Across both engagements we discussed the decisions to leave the Equator Principles and Net Zero Banking Alliance (NZBA) which prompted us to explore how the bank's sustainability strategy was evolving.

The bank provided limited clarity on its sustainability priorities, suggesting a material shift toward business-growth and community activities rather than structured sustainability objectives. The bank confirmed it had withdrawn its environmental and social risk management framework and removed sector-based exclusions. When questioned on its ESG risk considerations, the issuer noted this is still integrated but the processes are no longer formally defined, and no escalations have occurred in practice.

In the meeting the issuer highlighted that ESG governance has been streamlined, with board-level responsibility consolidated under a single committee. Internal ESG governance has also reduced, with suggestions of redundancies and shifting responsibilities.

**Outcome:** The engagements over 2025 confirmed that whilst there had been some progress on core governance metrics, there had also been significant backtracking in the issuer's environmental and social risk management, withdrawal of key policies and sector exclusions, and reduced transparency following the removal of climate related reports and targets. Given these developments, we added the bank to our ESG Watchlist, which is tracked by Insight's Ratings and Exclusions Group (REG).

Objectives set for the bank include to:

- reinstate net-zero targets for its lending book,
- conduct engagement with clients on climate-related issues, and to
- maintain the level of due diligence as previously outlined in the bank's environmental and social risk management framework.

## ESCALATION WITHIN INSIGHT'S RESPONSIBLE HORIZONS STRATEGIES

We have 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 6**.

## ESCALATION OF ISSUES AFFECTING SOVEREIGN BONDS

Our qualitative sovereign ESG flag system aims to help identify when we expect an improvement or deterioration in ESG performance which is not yet reflected in the external data.

- **Green flag:** A positive ESG risk event or improvement that should be highlighted.
- **Red flag:** A negative ESG risk event or deterioration that should be highlighted but does not lead to a sell event.
- **Black flag:** A material negative ESG risk event or deterioration that means portfolio managers of strategies aligned with SFDR Article 8 or 9, or Responsible Horizon strategies, where legally able, to divest any affected holdings within a 30-day period and to suspend further purchases of those securities.
- **Radar:** A list of countries that could conceivably experience a negative ESG risk event or deterioration that would warrant the application of a flag.

## 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 2025 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 7**.

Insight embeds ESG analysis in our LDI portfolio management process and we engage actively with bond issuers and counterparties, as outlined in **Section 8**. We have regular meetings at a variety of levels with our counterparties, with frequent opportunities to share concerns and to discuss highlighted issues. If we have a concern regarding an sustainability-related issue at one of our banking counterparties, this is overseen by the Counterparty Credit Committee (CCC). The CCC will therefore discuss and agree any escalation actions in relation to environmental and social risk management. The CCC also 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 2025.

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 that includes counterparty engagement targets was introduced in 2022 and continued through 2025. More details on this are provided in **Section 8**.

## 3.6 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 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. 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 versus outright divestment.
- Engagement through collaborative initiatives can be highly effective, but it can be challenging to demonstrate 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 reviews of our activity to identify areas for improvement.

More information on Insight's risk management framework, including reviews, 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 2025, the Compliance Team continued to:

- conduct a monitoring review of activities related to sustainability factors, focusing on areas including the impact bond assessment framework, ESG engagement, investment guidelines, ESG ratings, stewardship process and the overarching governance framework underpinning responsible investment at Insight;

- 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 sustainability-related regulatory developments and communicate these to impacted stakeholder groups; and
- review ESG protocols with Insight's marketing framework to ensure standards for materials referring to responsible investment and stewardship activity are consistent and subject to appropriate checks and controls.

### Internal audit

BNY's Internal Audit is an independent, objective assurance function that reports directly to the Audit Committee of BNY's Board of Directors. The BNY Chief Audit Executive reports directly to the Audit Committee.

Internal Audit conducts audits of projects, policies, procedures and internal controls of BNY operations on a continual Audit Plan and conducts engagements throughout the year dependent upon the risk rating of the relevant Auditable Entity. Key processes are identified during engagement planning, and testing is commensurate with the risk of the underlying Auditable Entity.

Internal audit operates on a continual audit plan to conduct engagements throughout the year. It follows a risk-based approach. Each of the Auditable Entities are risk assessed each year to construct the annual Audit Plan, which is approved by the Audit Committee of the Board of Directors. Each business group is evaluated based upon a risk assessment methodology used by Internal Audit to determine the frequency of audits. The highest risk businesses are audited annually, with lower risk entities being audited between every two and every four years. However, the frequency for each individual function may change from year to year.

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, etc. 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).

## External audit

Insight's 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 2025 report, which covered the 12 months to the end of September 2025, 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. We seek to 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 through regular dialogue, supplemented by questionnaires, to guide us on areas that may support their portfolio and non-portfolio requirements, and this includes our reporting.

To define our ESG assets under management, we classify all mandates and pooled funds into high-level categories based on the investment approach applied.

- **Other (not integrated):** Investment approach that does not systematically integrate ESG analysis
- **ESG integration:** The systematic incorporation and analysis of the financial implications of ESG factors into investment decision making<sup>9</sup>
- **Exclusions:** A systematic rules-based approach to remove investments from the investable universe based on a defined set of criteria

### 2. We generate 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 sustainability issues, align with their own values and priorities. This is supported by our reporting: all clients receive reporting in line with their stated reporting requirements.

Responsible investment is now a topic at many client meetings, and to reflect this frequency of interest, our reporting to clients may now include reporting on sustainability factors, regardless of whether their mandate includes specific exclusions, constraints or targets. Our in-house data sets mean Insight can support reporting against the following attributes: Insight's Prime corporate ESG and climate risk ratings; sovereign ESG 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. We review reporting (both the data and the format) internally:

Client and Compliance teams are involved in reviewing our reporting 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. We 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 5 on how we meet our clients' needs.

- **Positive screening/tilting:** A systematic rules-based approach to reweight exposure to securities in a portfolio to enable the strategy to achieve pre-defined outcomes
- **Sustainable investment:** Binding intent to contribute to environmental and/or social outcomes and benefit stakeholders alongside generating a financial return
- **Impact investment:** Binding intent to deliver quantifiable environmental and/or social outcomes and benefit stakeholders alongside generating a linked financial return

<sup>9</sup> 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.

## 3.8 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 CEO, supported by 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.



# 4 Conflicts of interest



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

## Overview

### Key statements

<b>Context</b>	<ul style="list-style-type: none"><li>• We disclose Insight's Conflicts of Interest Policy and how this has been applied to stewardship, detailing our activities in the following areas:<ul style="list-style-type: none"><li>– Identification of conflicts</li><li>– Conflicts of interest framework</li><li>– Conflicts of Interest Policy</li><li>– Conflicts register</li><li>– Controls to mitigate individual conflicts</li><li>– Training</li><li>– Monitoring and surveillance</li><li>– Proxy Voting Policy</li></ul></li></ul>
<b>Activity/ Outcome</b>	<ul style="list-style-type: none"><li>• We explain how Insight has identified, managed and addressed instances of actual or potential conflicts, including those related to stewardship.</li><li>• We explain any new potential conflicts identified and addressed in 2025.</li></ul>

## 4.1 CONTEXT

Effective stewardship requires protecting our clients against 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 business, Insight may encounter situations where it faces an actual or perceived conflict of interest. A conflict of interest occurs whenever the interests of Insight or its employees 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 will be made as to whether Insight, or an employee, 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 or 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 must periodically 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 II**.

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 II**), 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 sustainability 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 3**.

## 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 9**.

Insight's full Proxy Voting Policy, updated in 2025, 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 sustainability considerations
- 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

## 4.2 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 Group 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 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 sustainability or stewardship-related policies that need to be implemented. 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

- **SFDR Classification:** 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 Insight's Product Management Group and RIG. These are also sent to IROC for noting.
  - 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 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. BNY's sustainability requirements are reflected in the 2025 update to the protocol. Training on the protocol is 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.

- **Proxy voting:** Where a proxy vote concerns an issuer of securities that is also an existing client, a vendor, or a potential client undergoing the RFP process, Insight might choose to vote proxies in a way that is favourable to client rather than in the best interest of relevant portfolios.
  - Insight’s proxy voting policy is built around best-practice standards covering ordinary business activities such as remuneration, board appointments, corporate governance and sustainability. Insight uses third-party proxy voting services to implement its voting policy.
- **ESG rating:** A portfolio manager(s) 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 could 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 it should have.
  - To mitigate the conflict, Insight uses a quantitative framework in order to generate ESG ratings and scores. This incorporates raw ESG data from third-party datasets. Raw data from these data providers is mapped and assigned global company identifiers and ultimate parent identifiers before producing an ESG score/rating. The methodology is applied consistently and any changes to methodology require IROC approval.
  - The use of questionnaires (completed by companies or issuers) or quick-form templates (completed by analysts on the Responsible Investment Team) to source ESG information not available through the Prime methodology are tracked and monitored by the REG, with ESG scores/ratings calculated by the Responsible Investment Team.
  - Any securities with an overall Prime ESG rating of 5 (the worst possible rating), 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 REG 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.
  - Surveys and interventions (that have an expiry date) are systematically monitored, reported and removed before the point of expiration. The expiring interventions and surveys can be observed comprehensively both on a custom-built dashboard and within internal systems. The Quantitative Analysis Team adds new interventions and surveys to the dashboard, thereby maintaining an up-to-date inventory, and ensuring their timely removal upon reaching the expiry date.



# 5 Dialogue with clients and/or beneficiaries



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

## Overview

### Key statements

- Our Client Solutions Group, Consultant Relations Team, investment teams and collaboration with BNY are designed to engage with clients and their advisers to understand and reflect their needs.
- There are three principal ways in which we may partner with clients to build and advise on portfolios that align with their requirements: we may engage in dialogue with clients and their advisers, tailor our investment approach and advice, 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 client research helps us assess satisfaction and to respond to the specific feedback we receive.

## 5.1 HOW INSIGHT ENGAGES WITH CLIENTS TO UNDERSTAND AND REFLECT THEIR NEEDS

Our engagement with our clients aims to ensure we understand their needs, so that we can structure solutions and tailor our advice 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 107 dedicated client solutions professionals, including Solutions Designers, Client Directors, Investment Specialists and Client Service Professionals. Each institutional client will typically have named individuals from each team within the Client Solutions Group assigned to them. This allows for regular contact, with regular 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<sup>11</sup> 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 Insight's business is often intermediated by an investment consultant, 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 35-strong Financial Solutions Group (which focuses on risk management and LDI solutions), 183-strong Fixed Income Group, 23-strong Currency Team and/or our 12-strong Multi-Asset Strategy Group assigned to clients as appropriate. 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 colleagues also provide local

knowledge and client service capabilities for institutional clients in geographies where Insight does not have dedicated local teams.

Insight often liaises with our clients' advisers, who communicate our clients' needs and bear responsibility for ensuring that Insight fulfils its obligations. For our fiduciary clients, we advise on specific sustainability requirements and ensure that we are managing their investment strategy consistent with their mandate.

There are three principal ways we partner with clients and build and advise on 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 and sustainability.** 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 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 requirements.
- **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 sustainability risks to also focus on sustainability characteristics and positive impact allocations. 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. Given the nature of Insight's client base and assets under management, a distinguishing feature of Insight's approach is our offering for many clients to create bespoke segregated portfolios (rather than using multi-client pooled funds) to meet their specific needs.

<sup>10, 11, 12</sup> As at 31 December 2025.

- **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 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 many client meetings, and to reflect this significant interest, our reporting to clients may now include reporting on ESG factors. 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 sustainability 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 regular updates, and
- through our annual responsible investment report.

For our fiduciary clients, we are actively involved in discussions with clients advising them on sustainability requirements and formulating and/or reviewing their responsible investment policies. We take responsibility for ensuring the investment strategy is implemented in line with their requirements and/or policies. We also support with the drafting of TCFD reports and Implementation Statements and engage with managers external to Insight on the trustees’ expectations with regards to responsible investment.

In addition, we look to 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 sustainability-related strategy.

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

- 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 2025, the Group’s activities included:

- **Reviewing and discussing the Prime net zero sovereign model**
  - discussed and provided feedback on the model – in particular, how the UK was scored, how the output was communicated and its use for portfolio-alignment metrics within TCFD reporting for LDI clients.
- **Contributing to training, development and the dissemination of responsible investment thinking**
  - produced an updated summary of our approach to responsible investment in LDI for 2025, reflecting updated processes and engagement activities
  - communicated key responsible investment updates to client-facing teams and ran ad-hoc training sessions on topical issues

- fed into internal discussions on net-zero developments in the market, Insight's climate policy advocacy approach and quarterly updates of sovereign engagement activity
- **Collaborating with consultant and industry bodies on topical issues**
  - engaged in discussions with consultants on the scope of climate policy advocacy with the UK government
  - chaired a roundtable on sovereign emissions reporting in November 2025, bringing together clients and consultants to address the divergence of TCFD metrics for gilts

As explained in **Section 2**, this group ceased as a formal working group in 2026 with its activities largely absorbed, where appropriate, in the Responsible Investment Group.

- **In response to client demand, Insight launched the Responsible Horizons Buy and Maintain Bond Fund**, which looks to offer investors a cost-efficient way to gain

exposure to credit as well as incorporating clear sustainable investment criteria and takes sustainability factors into account when making investment decisions. The Fund builds on the success of the Insight Buy and Maintain Bond Fund, which has long considered such factors. Whilst comparable in market profile and investment approach, the Responsible Horizons Buy and Maintain Bond Fund formalises a number of sustainability characteristics and embeds a 2050 net zero target. The Fund therefore caters for investors seeking a portfolio that follows Insight's buy and maintain approach, with additional sustainability objectives.

### PROTECTING CLIENTS' INTERESTS

Our business has been built on a scalable platform and our policy is to resource ahead of growth by monitoring new demand and future development plans against current resource levels and internal and external capacity constraints.

## 5.2 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**<sup>13</sup>, conducted in early 2026, 98% of the 216 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 97% 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', 88% (135 respondents) agreed, with the remainder expressing no view. We repeat these global client surveys every other year.

- **Investment consultants rate Insight very highly:** In 2025, Insight was ranked in first place by UK investment consultants for Overall LDI Quality for the fifteenth consecutive year; and first for Fixed Income Overall Quality. Insight has been ranked first for Fixed Income Overall Quality in 10 of the last 12 years.<sup>14</sup>

<sup>13</sup> Insight's client survey was offered to Insight clients. 216 responses were received by 31 March 2026, with all results aggregated. Insight did not pay a fee to clients for the completion of the survey. Aggregated client views may not be representative of any one client's experience and do not indicate any level of skill or future performance. The response rate represents the proportion of client entities that responded, not individuals. 'Agree' means 'fully or somewhat agree' where the options available were fully agree, somewhat agree, disagree or no view.

<sup>14</sup> Source: Coalition Greenwich 2025. LDI results are based on interviews with 7 UK consultants evaluating LDI managers. Fixed income results are based on interviews with 8 UK consultants evaluating fixed income managers. The Coalition Greenwich Quality Index Overall is a composite of Investment and Service scores.

- **Institutional UK clients rate Insight very highly:** Coalition Greenwich undertakes research with UK institutional clients each year; in December 2025, Coalition Greenwich confirmed Insight as Best Asset Manager in Institutional Investment Management in the UK.<sup>15</sup> Insight Investment has now been recognised as an award winner eight times in 11 years making us the most awarded manager in the history of this study. In separate research conducted by Research in Finance, we also ranked first for highest average client service performance for 2025, based on responses from UK trustees, pension scheme managers and consultants collated between November 2025 and January 2026. This is the fifth 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.<sup>16</sup>

In 2025, we made a range of improvements to help us serve our clients more effectively, based on the feedback provided to us. Regarding stewardship, these included the following:

- **Converting pooled funds to align with EU SFDR Article 8:** Over 2025 we continued our programme of converting pooled funds to align with SFDR Article 8, in line with client demand. This recognises that the relevant investment processes promote environmental and social characteristics, and designating funds appropriately helps support our clients' decision-making.
- **Adjustments to strategies in line with ESMA guidelines:** In May 2025, ESMA guidelines for funds using ESG terms in their names came into effect. For the relevant strategies in the Responsible Horizons range this meant the following:
  - at least 80% of assets must be used to meet the sustainable investment objectives of the fund, and
  - exclusion policies must align to the EU Paris Aligned benchmarks.

We amended relevant documentation where required. There was no meaningful impact on the strategies' investments as we already managed the strategies in a manner broadly aligned to the new guidance.

### 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.

<sup>15</sup> [2025 Coalition Greenwich Awards: Institutional Investment Management](#), 18 December 2025, Coalition Greenwich.

<sup>16</sup> Research in Finance UK Institutional Market Study was conducted between November 2025 and January 2026 (Wave 11) with 200 UK trustees, pension scheme managers and consultants who 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 W11 n=470; Insight Investment W11 n=69. Compared to peers Insight have the largest proportion of customers (67%) very satisfied with their services. Wave 11 Insight hold the highest average satisfaction in the peer group sitting (4.6 out of 5). Question 'which of the following specialisms would you associate with [investment manager]?'. Base: Those investing or very familiar with each firm; W11 n=589 (all asset classes), Insight Investment W11 n=74 (fixed income).

- **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 clients 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 sustainability 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 sustainability-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:** In our research studies, while we seek feedback from a broad client base, only a portion of clients respond. 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).



# 6 Stewardship, investment and ESG integration



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

## Overview

### Key statements

- Insight helps clients achieve their desired outcomes and reflect their priorities by ensuring that our investment analysis takes account of factors that we deem to be financially material, including sustainability and governance factors, with a relevant evidence base for our views.
- Insight takes into account direct and indirect risks for mandates where we believe them to be likely to have financial impacts, 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. In particular, we acknowledge that clients and regulators have different perspectives on how actively asset managers should try to manage the drivers of indirect risks and the implications this could have in terms of stewardship and engagement activity that we conduct on behalf of these clients.
- We explain how our proprietary Prime corporate ESG, sovereign ESG and climate risk ratings, and our net-zero alignment framework operate, and how they support the integration of relevant and material risk factors within our investment processes.
- Our integration of sustainability factors into our research aims to support our portfolio managers' investment decisions. 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 sustainability-related objectives
- We outline some of the outcomes of our activity, but also refer readers to **Section 8**, 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.

## 6.1 STEWARDSHIP IN PRACTICE

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 and net-zero alignment framework, which support this integration, in different ways, across our business.

Insight helps clients achieve their desired outcomes and reflect their priorities by ensuring that our investment analysis takes account of factors that we deem to be financially material, including sustainability and governance factors, with a relevant evidence base for our views.

Clients can express sustainability intentions or preferences in their mandates. In delegating the assessment of financial materiality to Insight, their asset manager, we are accountable for the assessment and evidencing it. The integration of ESG factors within investment processes is highly dependent on the nature of specific mandates, strategies and/or asset classes. When it comes to such factors, financial materiality can manifest in different ways. Some risks are identifiable, easier to quantify, typically occur over the nearer term and have drivers that are typically idiosyncratic. Examples include pollution fines or product safety issues. We refer to these as 'direct' sustainability risks. Other sustainability risks impact the environment in which a portfolio exists and operates, can have multiple plausible pathways to financial relevance, are typically more complex to quantify and their drivers stem from broader sustainability themes that impact the whole of the economy over the longer term. Examples include extreme heat or water scarcity. We refer to these as 'indirect' sustainability risks.

Insight portfolios include instruments with short, medium and long-term exposures. Insight takes into account direct and indirect risks for mandates where we believe them to be likely to have financial impacts, where practicable, based on the relevance to the investment strategy and subject to the terms of our mandate with the underlying client. We acknowledge that clients and regulators have different perspectives on how actively asset managers should try to manage the drivers of indirect risks and the implications this could have in terms of stewardship and engagement activity that we conduct on behalf of these clients.

Ultimately, a significant proportion 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, it can be prudent for us to take a long-term view to ensure we are able to meet those clients' needs both now and in the future in considering direct and indirect sustainability risks for such portfolios.

At Insight, our investment research incorporates ESG issues and we look to engage on issues deemed relevant and sufficiently material where possible. We provide more information on how we engage across our strategies in **Section 8**.

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 7**.

### 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.
- 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 sustainability 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 portfolios with sustainability-related objectives

As outlined in earlier in this section, 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 issuance (e.g., green gilts), providing feedback on best practice and design of the programme in terms of investor expectations.

### Global sovereign bonds

#### Sovereign ESG ratings

For government, sovereign, supranational and agency debt, Insight assesses key ESG risks for investors through our sovereign ESG ratings framework, which utilises MSCI ESG Government Ratings. This framework is integrated within Insight's sovereign debt investment process and aims to help our sovereign analysts and portfolio managers consider material risks in their investment decisions and to identify potential issues for constructive dialogue with sovereign debt issuers.

Integration of measures generated by the framework within our research takes place in four principal ways.

- To expand the scope of our existing risk models with ESG indicators that can provide another angle on economic and other matters.
- To guide the management of client-specific portfolios with sustainability guidelines, e.g., for clients that specify that the overall ESG rating of portfolio holdings must be relative to benchmark, facilitate exclusions and/or focus on issuers according to their exposure to and management of relevant factors.
- To support reporting to clients on ESG-specific factors by demonstrating how sovereign debt portfolios perform from an ESG risk perspective on an absolute basis or relative to a benchmark.
- To identify and prioritise issues for dialogue with sovereign issuers.

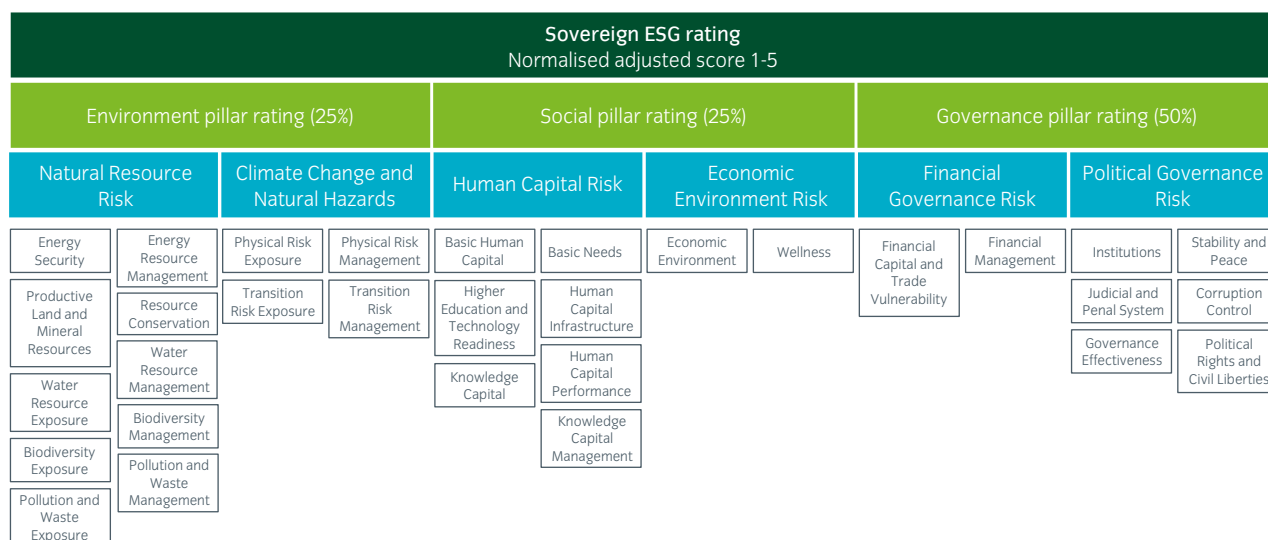
The MSCI ESG Government Ratings assess risk factors combine to form three pillars: environmental, social and governance<sup>17</sup>. Overall, 102 data points are evaluated by MSCI to assess 31 factors. Through the MSCI methodology, the pillars and underlying risk factors are assigned weights to generate the final ratings. Risk factor weights are the same for all countries globally and are reviewed periodically. The current weights of each pillar are determined by MSCI based on the impact intensity of that pillar on the competitiveness over the short (less than two years), medium (two to five years), and long-term (five-plus years) time horizons.

The governance pillar is assigned a higher weight (50%) than the environmental and social pillars (25% each) by MSCI. Unlike environmental and social issues, which tend to materialise over longer time horizons, lapses in governance may typically have shorter-term consequences on financial management, institutional effectiveness and political stability. Furthermore, weak governance could also hinder a country's development in other areas, such as environmental or social progress. As such, governance carries the highest weighting.

The MSCI ESG Government Ratings outputs are re-modelled on a 1 to 5 Insight scale (1, worst-in-class to 5, best-in-class) and feed directly into the risk and valuation tools that inform our investment decisions and complement our existing country valuation and risk assessment processes.

<sup>17</sup> Details on the MSCI methodology are available here: [MSCI ESG Government Ratings Methodology \(PDF\)](#), April 2025, MSCI.

Figure 8: How the MSCI sovereign ESG ratings underlie Insight's ratings<sup>18</sup>



### Sovereign ESG flags

In 2021, we developed a qualitative sovereign ESG flag system to support the framework in being reactive when we expect an improvement or deterioration in ESG performance which is not yet reflected in the external data. In 2022, this process was executed when we began to see rising tensions between Russia and Ukraine, with Russia receiving a red flag on 2 February, and a black flag on 25 February. The black flag resulted in the Russia ESG risk rating being adjusted to a worst-in-class 5.

- **Green flag:** A positive ESG risk event or improvement that should be highlighted.
- **Red flag:** A negative ESG risk event or deterioration that should be highlighted but does not lead to a sell event.
- **Black flag:** A material negative ESG risk event or deterioration that means portfolio managers of strategies aligned with SFDR Article 8 or 9, or Responsible Horizon strategies, where legally able, sell any holdings within a 30-day period and not purchase.
- **Radar:** A list of countries that could conceivably experience a negative ESG risk event or deterioration that would warrant the application of a flag.

### 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 outline exceptions in **Section 1**.

Integrating relevant factors in research processes and engaging with companies to improve related standards is essential to effectively manage portfolio risk and fulfil our stewardship obligations.

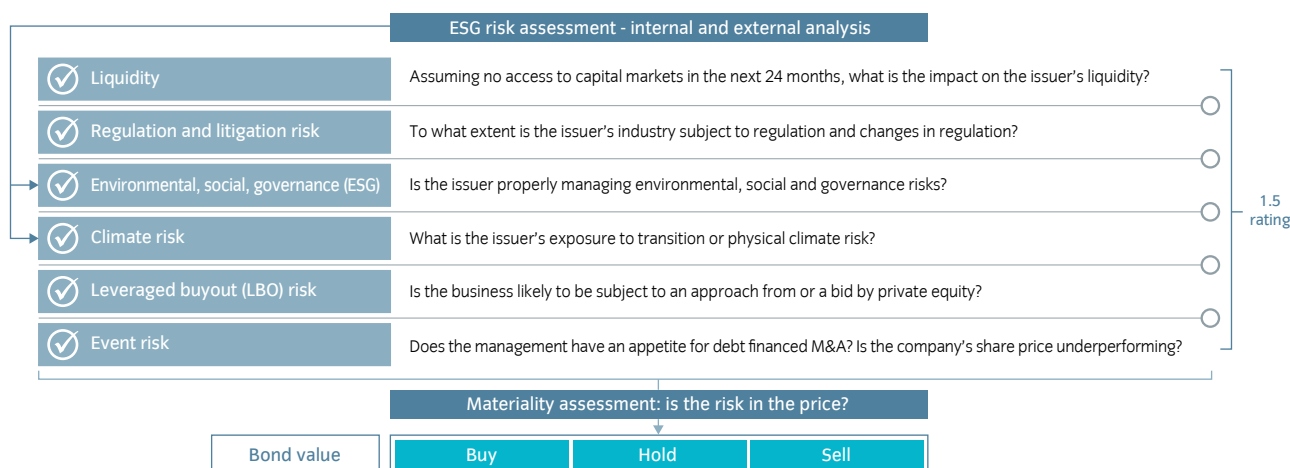
We use our proprietary Prime ESG and climate risk ratings to identify risks for individual issuers and may choose to engage with issuers to actively encourage them to improve their practices. An in-depth understanding of these risks and outcomes of any engagement we have with an issuer are key steps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

<sup>18</sup> Source: Insight Investment and MSCI. For illustrative purposes only.

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.

**Prime corporate ESG ratings**

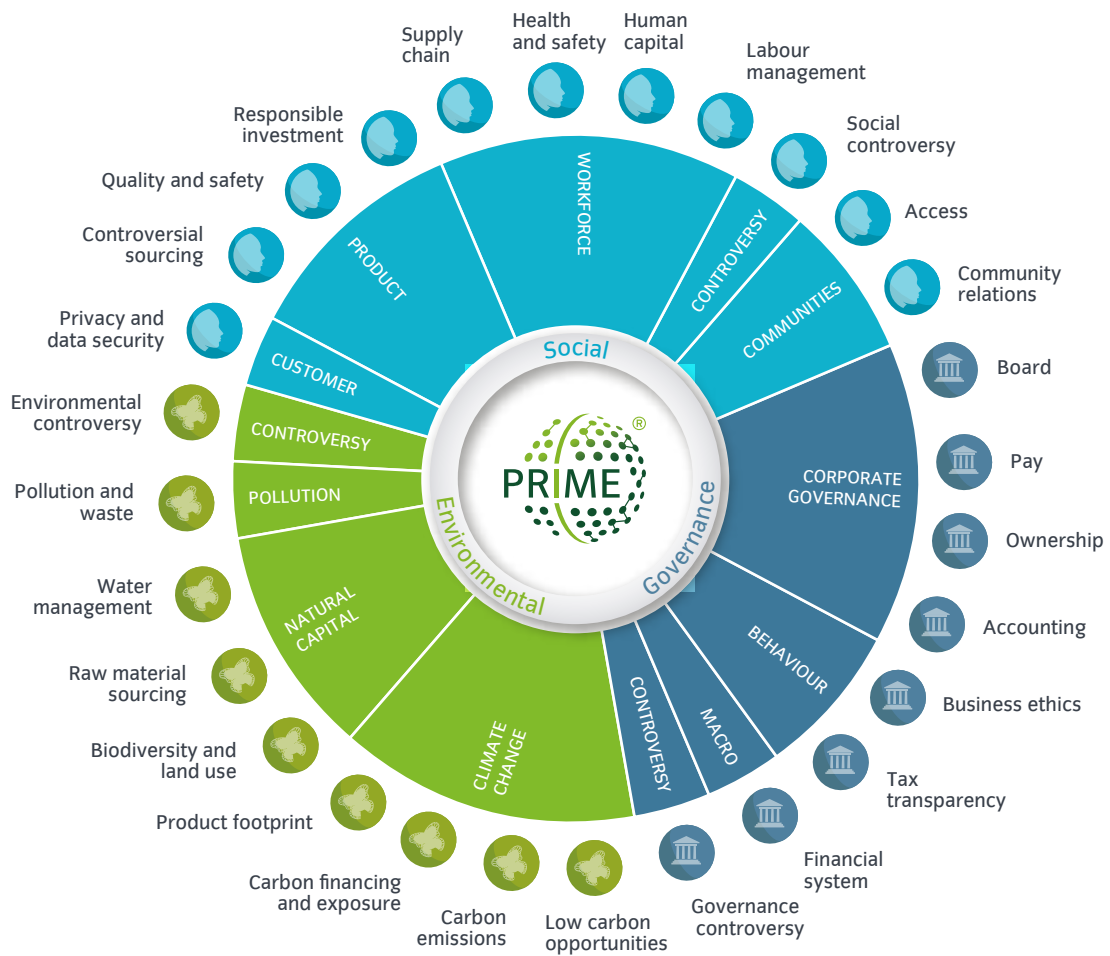
- The **Prime corporate ESG rating** is designed to indicate an issuer's performance relative to its peers. We calculate each issuer's percentile based on the raw ESG ratings within each Global Industry Classification Standard industry group, and assign a rating between 1 and 5, to be consistent with 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 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

obtain 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 survey to harvest specific data points and to generate a 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 these considerations.

Our analysts can access our Prime ratings through a Tableau-based tool, which visualises the key 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 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 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.

## INTEGRATION IN ACTION

**CASE STUDY:** Understanding a European life insurance company's social commitments

**Background:** The issuer is a major European life insurance consolidator undergoing significant expansion. We engaged on weaknesses in its social pillar performance relative to peers, leading to a Prime ESG rating of 5 (the worst rating possible) and the subsequent risk of exclusion from certain funds managed by Insight. We also discussed securing a group-level ESG rating and strengthening cyber certifications.

**Engagement:** The issuer acknowledged that its ESG ratings remain weak relative to sector peers and confirmed it is actively pursuing a group level MSCI rating. While it seeks inclusion in an MSCI index to trigger the process, it is exploring alternative avenues to accelerate the rating timeline.

On data security and privacy, the issuer highlighted a strong existing control environment, including compliance with the EU Digital Operational Resilience Act (DORA) and Dutch regulatory guidance, annual climate and cybersecurity stress testing, and independent assessments against the NIST Cybersecurity Framework, where it has achieved a high tier rating. However, these frameworks have not been fully recognised by MSCI. The issuer is assessing the merits of obtaining ISO 27001 certification and welcomed the idea to prioritise this to strengthen its credibility regarding social risks.

**Outcome:** We note the arrival of a new senior sustainability specialist who has driven a more proactive strategy on ESG risks for the issuer. The company is aware of its issues regarding ESG ratings and is taking steps to address the gaps.

On cybersecurity, we acknowledge that the MSCI assessment has not included board-level responsibility in its assessment. Furthermore, the issuer is scored in the top tier by NIST, an independently assessed cybersecurity rating. We therefore increased its cybersecurity score, and the issuer's overall Prime rating improved from 5 to 3.

**Prime net-zero ratings**

Beyond merely considering climate risks as part of their core investment approach, some clients are looking to pursue net-zero targets. To help these clients invest in line with their net-zero goals, Insight created ratings to categorise corporate and sovereign 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 and sovereign issuers, in line with commitments set out alongside relevant investment strategies, and Insight's net-zero ambition.

- The **Prime corporate net zero ratings framework** considers the materiality (the impact on the climate) of an issuer, and the maturity (the 'distance' to achieving net zero) of an issuer. The two work together, and 'higher impact' issuers attract more stringent requirements in setting and aligning to net zero targets.
- The **Prime sovereign net zero ratings framework** applies the concept of common but differentiated responsibilities based on countries' historical contributions to greenhouse gas emissions; their current capabilities, strategy and legislation; and their development needs.

Based on these assessments, corporates and sovereigns are assigned one of the following five ratings.

More information on the Prime net zero ratings is available [here](#).



Not aligned



Committed



Aligning



Aligned



Achieving

### Money market strategies

Our clients increasingly expect ESG criteria to be incorporated into their investments. 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, our 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

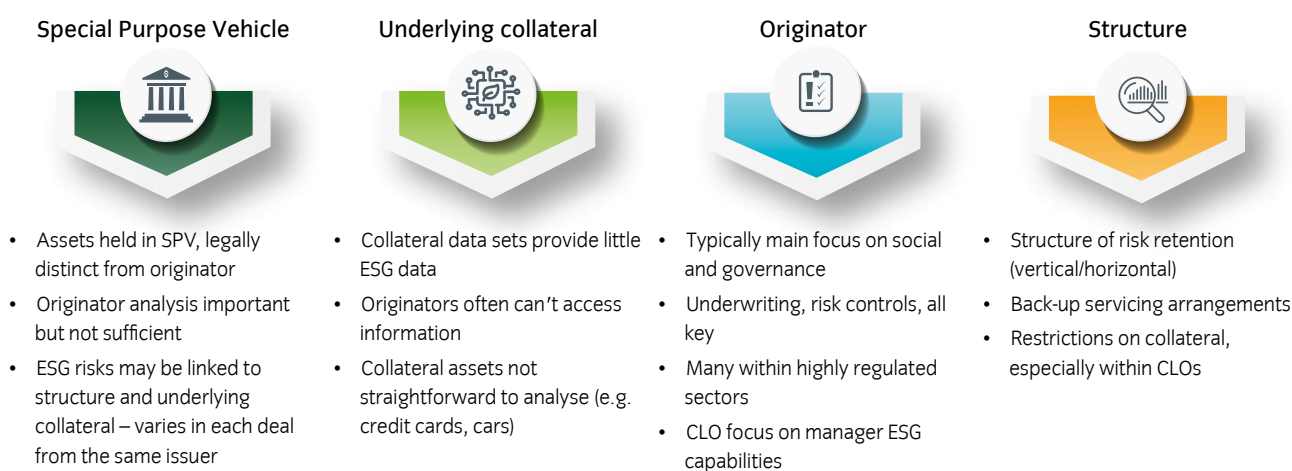
Insight continues to evolve its approach to responsible investment integration in secured finance, across overall industry standards, asset-class nuances and transaction level considerations.

As long-term investors seeking to deliver attractive returns and cashflow certainty for our clients, along with robust quantitative modelling and analysis, Insight's approach to responsible investment in securitised credit is designed to identify, assess, and incorporate any beta disguised as alpha (in other words, market risk disguised as excess returns).

Reviewing the historical performance of securitisations, we observe that responsible investment considerations – namely, governance, social and environmental risks – can exhibit financial materiality, warranting integration in the investment process, where relevant and practical.

Insight's approach to responsible investment in securitised credit combines top-down and bottom-up analysis. Using an asset class-specific responsible investment framework to assess the components of global securitised credit, investors can benefit from the potential for attractive returns while still targeting their sustainability goals. We offer a summary of responsible investment considerations across securitised asset types below.

Figure 11: Complexity of the asset class requires multi-layered ESG analysis<sup>19</sup>



<sup>19</sup> For illustrative purposes only.

We may consider ESG factors as part of the fundamental analysis undertaken on originators, structuring of deals, and the risk and impact profile associated with underlying assets, all of which can be important to the decision-making process. This can include 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.

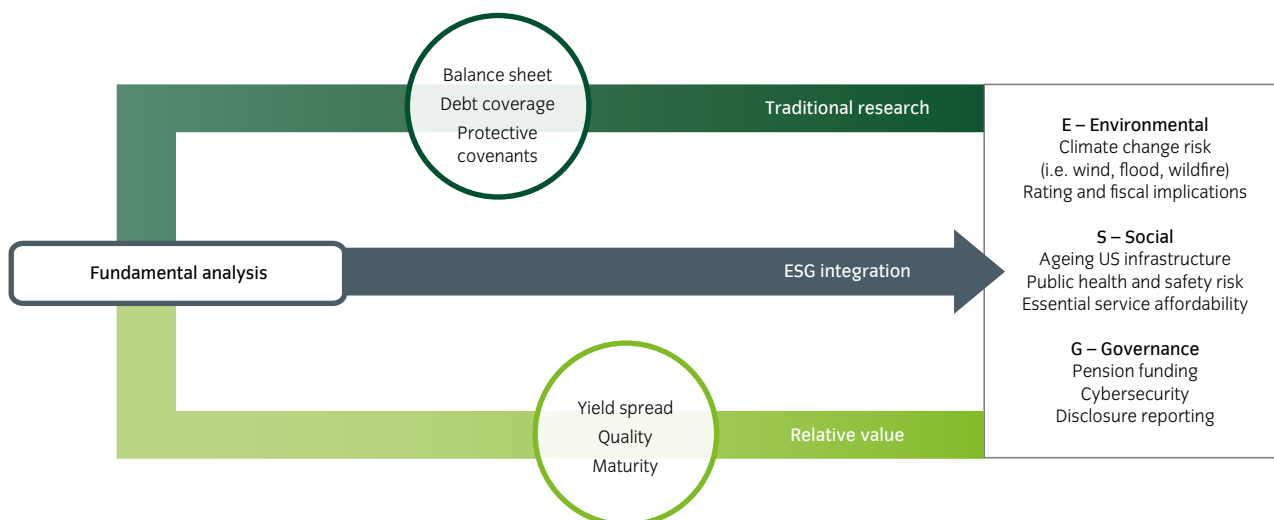
Figure 12: Considerations for assessing financially material risks by asset type<sup>20</sup>

	RMBS	CMBS	Credit card ABS	Auto loan ABS	Commercial ABS	Data centre ABS	Whole business	CLOs
<b>Governance</b>	✓	✓	✓	✓	✓	✓	✓	✓
• Business model and ethics	✓	✓	✓	✓	✓	✓	✓	✓
• Legal and structural analysis	✓	✓	✓	✓	✓	✓	✓	✓
• Originator assessment	✓	✓	✓	✓	✓	✓	✓	✓
• Systemic financial stability	✓	✓	✓	✓	✓	✓	✓	✓
<b>Environmental considerations</b>								
• Carbon footprint	✓	✓		✓	✓	✓	✓	✓
• Physical risk	✓	✓			✓	✓	✓	
• Transition risk				✓	✓		✓	✓
<b>Social considerations</b>								
• Predatory lending	✓		✓	✓				✓
• Community Impact	✓	✓	✓			✓		
• Cybersecurity	✓	✓	✓	✓	✓	✓		
<b>Impact opportunities</b>	✓	✓		✓		✓		

**US municipal bonds**

For our US municipal bond strategies<sup>21</sup>, Insight considers 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 issues that are most relevant and impactful, as determined by the Municipal Bond Team.

Figure 13: How ESG factors are considered within our US municipal bond analysis<sup>20</sup>



<sup>20</sup> For illustrative purposes only. This document describes Insight’s investment process integrating financially material sustainability factors (at a high level) as of the date of publication, which is subject to change. Investment decisions may depend on a range of factors and the specific nature of the mandate. You should not rely on this publication to make any investment decision and are advised to seek appropriate investment advice before making any decision to invest in a financial product or asset.

<sup>21</sup> Following the transition to Insight of assets and investment teams from BNY Wealth in late 2025, including US municipal bond portfolios, the alignment of relevant portfolios with Insight processes, including those related to ESG factors, is expected to complete in 2026.

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 such 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 sustainability-related risks/opportunities, the Team may consider some or all of five sustainability themes: climate physical risks, the carbon transition, natural capital, demographic and socioeconomic shifts, and governance.

Figure 14: Themes the Municipal Bond Team may consider in their analysis

Climate risks	<ul style="list-style-type: none"> <li>• Acute and chronic risks (hurricane, wildfire, flood, heat stress and drought)</li> <li>• Property and economic value at risk considerations</li> </ul>
Carbon transition	<ul style="list-style-type: none"> <li>• Carbon emission intensity on annual value and national percentile; per capita basis</li> <li>• Climate and carbon transition planning</li> </ul>
Natural capital	<ul style="list-style-type: none"> <li>• Natural capital (water management)</li> <li>• Pollution (air, land, water quality)</li> <li>• Community water safety</li> </ul>
Social demographic and socioeconomic	<ul style="list-style-type: none"> <li>• Healthcare affordability and wellness</li> <li>• Poverty and affluence</li> <li>• Crime/safety and ageing demographics</li> <li>• Access to education, housing and employment</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Pension funding management</li> <li>• Financial disclosure and reporting practices</li> <li>• Management effectiveness</li> <li>• Cybersecurity risks</li> </ul>

### 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 data provider specific to US municipal bonds. The ICE data service provides broad coverage of the US municipal bond market with key 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 15: Proprietary municipal debt ESG ratings

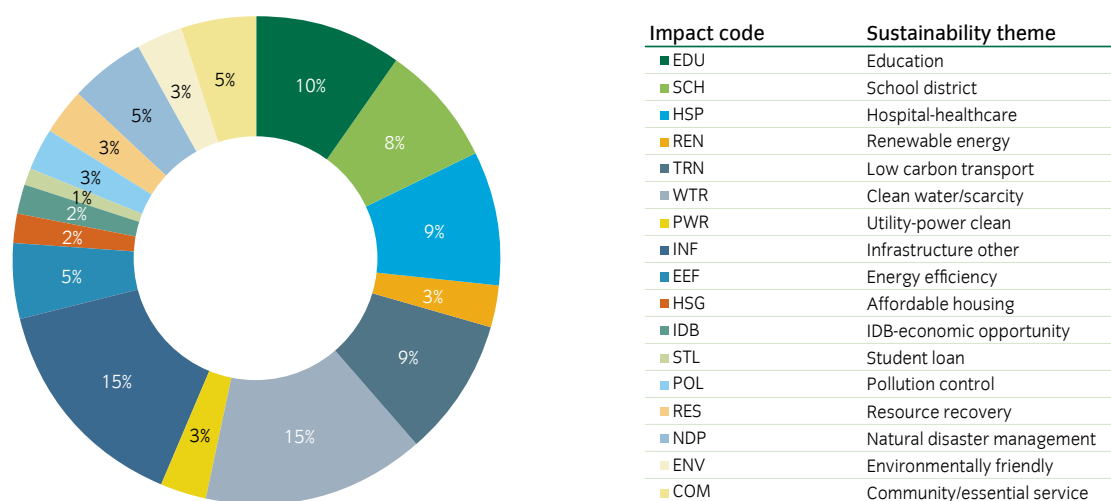
ESG rating (score 1-5)								
Environmental pillar rating				Social pillar rating			Governance pillar rating	
Physical risk	Climate change	Nature capital	Pollution	Health	Communities	Access	Structure and transparency	Risk management
Acute physical risk	Carbon emissions	Water mgmt	Pollution and waste	Affordable healthcare	Affluence and poverty	Access to education	Effectiveness of management	Pension liabilities
Chronic physical risk	Transition training		Safe drinking water violations	Population wellness	Law and order	Access to housing	Disclosure and accounting	Cybersecurity
					Age demographics	Access to employment		

#### Sustainability assessment

The US municipal bond market can be seen to be a natural fit for investors with sustainability goals, with bonds financing projects and services that align with 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 sustainability outcomes 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 sustainability criteria or guidelines, each bond’s profile will need to fall within the positive social or environmental themes listed in our proprietary framework (see Figure 16).

Figure 16: Sample municipal bond portfolio exposure by ESG categories<sup>22</sup>



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 2025 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 disclosed in fund documentation and 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.

For certain client mandates, we have started to explore additional approaches to integrating ESG tilts in portfolios relating to aspects like net-zero alignment.

### 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 updated our approach to impact investing in 2025, and present our updated approach here.

<sup>22</sup> For illustrative purposes only.

## IMPACT INVESTMENT IN PRACTICE: IMPACT BONDS AND IMPACT ISSUERS

In fixed income markets, the majority of impact opportunities are available via use-of-proceeds bonds (also known as impact bonds or ESG-labelled bonds). These ‘use of proceeds’ instruments, such as green bonds, set out environmental or social projects that are eligible to be financed.

This market is evolving, driven by emerging structures such as the EU Green Bond Standard and increasing issuance from different sectors. For example, recent issuers into the market include those in industries where carbon emissions have historically been difficult to reduce, such as the cement industry. These developments offer bond investors growing opportunities to pursue positive outcomes.

It is also possible to pursue a positive impact by investing in conventional bonds of issuers that are generating a majority of revenues from activities that are assessed as sustainability-aligned.

Insight’s impact assessment framework guides the assessment and classification of such investments, and we set out two categories in line with the above. We refer to these as **impact bonds** and **impact issuers**.

- **Impact bonds:** These are commonly known as ‘use of proceeds’ bonds, typically including green bonds, social bonds and sustainability bonds but increasingly other bond structures including blue and thematic bonds. For investment strategies managed by Insight with impact-focused objectives or guidelines, we define them as bonds that finance projects aligned to one or more UN SDGs, or the EU Taxonomy objectives for environmentally sustainable activities, that are expected to have a positive environmental or social impact.
- **Impact issuers:** These are conventional bonds from issuers whose core business activities are expected to contribute or lead to positive environmental or social impacts. For

investment strategies managed by Insight with impact-focused objectives or guidelines, we define them as issuers for which a minimum of 50% of their revenue aligns to at least one of the UN SDGs, or are deemed “environmentally sustainable” under the EU Taxonomy, that are expected to support positive environmental and/or social impacts, while minimising specified adverse impacts.

How Insight assesses and classifies impact bonds and impact issuers is relevant for investment strategies, portfolios and mandates managed by Insight with objectives or guidelines aiming for a positive environmental and/or social impact and which specify parameters around investment in such instruments and issuers. The application of this framework is subject to the specific objectives, guidelines and terms of each investment mandate and reflects Insight’s current approach which may evolve over time to reflect changes in market practice, regulatory expectations, or Insight’s own investment processes.

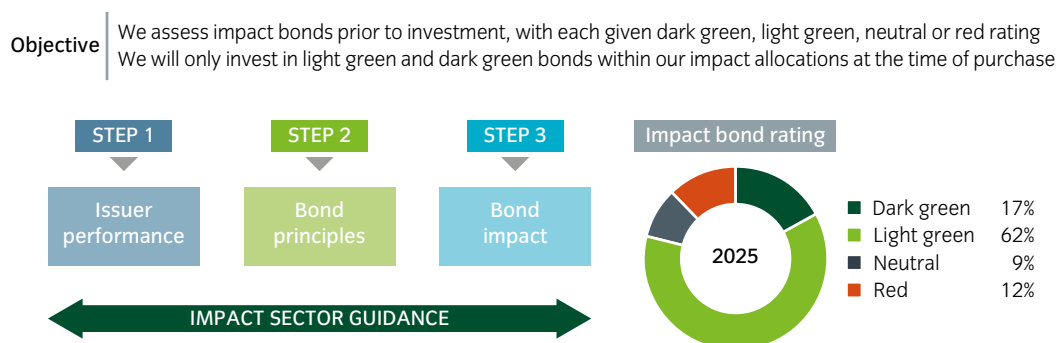
### IMPACT BONDS: INSIGHT’S ASSESSMENT APPROACH

Strong demand for impact bonds can give companies and governments an incentive to issue them instead of conventional bonds. It is therefore important to evaluate the issuer and the instrument to ensure the impact bond fulfils expectations for such issuance.

We assess impact bonds on a bond-by-bond basis, and each issue is given a red, light green or dark green, or neutral, impact rating. A bond with a red rating is not eligible for investment in Insight’s Responsible Horizons strategies and may not be eligible for other sustainability-focused mandates.<sup>23</sup>

The impact bond assessment process is a blend of issuer-level and issuance-level considerations to ensure credible allocation to relevant projects and measurable impact beyond the business-as-usual activities of the issuer. We may also consider the distinct characteristics of different asset classes.

Figure 17: Insight’s impact bond assessment process



<sup>23</sup> An impact bond may be equivalent to a conventional bond issued by the same entity, with similar risk/return characteristics, albeit with an additional impact commitment. A conventional bond portfolio may therefore decide to invest in an impact bond based on its financial characteristics alone.

## Issuer performance

**For corporates**, we review an issuer's overall performance with regard to environmental and social issues. This could include assessing its sustainability strategy, whether and how its revenue aligns with the UN SDGs, and any further due diligence to assess potential 'significant harm' that results from its activities. Insight's proprietary Prime ESG ratings and sector-specific impact guidance are considered as part of this exercise.

**Sovereigns and supranational agencies**, including multilateral development banks, require a distinct issuer-level approach. These entities typically have a direct and quantifiable connection to advancing the UN SDGs as these targets are defined at the national level. Their performance is assessed through the UN SDG data portal and complemented by macro-level indicators, enabling progress tracking across key thematic areas and ensuring alignment with global sustainability objectives.

## Bond-level review

### Bond principles

We consider the overall framework associated with the bond based on the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

- **Core expectations:** As a baseline, issuers must provide a transparent and robust bond framework covering key areas and a second-party opinion to ensure alignment with ICMA principles and credibility.
- **What good looks like:** In Insight's view, best practice includes robust governance structures for proceed

selection and management, clear allocation and lookback periods, annual reporting commitments outlining clear impact KPIs and independent verification, and a track record of robust allocation reporting.

### Bond impact

The use of proceeds for a bond should be relevant and impactful for the issuer's business model or sector, leveraging sector-specific impact guidance. We assess a bond's use of proceeds for alignment with the UN SDGs, using ICMA project mappings to validate categories and evaluate the quality of project definitions.<sup>24</sup>

- **Core expectations:** Issuers must provide clear definitions of green and social projects, specify thresholds and impact KPIs. For social projects, appropriate target populations must be specified.
- **What good looks like:** In Insight's view, best practice includes applying robust taxonomy standards (e.g., from the EU Taxonomy or Climate Bonds Initiative), setting transparent thresholds, and demonstrating a clear link between project categories and sector-specific impact opportunities. This looks to ensure the bond's proceeds deliver tangible, verifiable outcomes rather than simply support business-as-usual activities. The issuer will ideally detail how environmental and social risks, and negative impacts associated with the use of proceeds, are identified, managed and mitigated. This can include details of internal policies and specific due-diligence steps undertaken.

<sup>24</sup> [Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals \(PDF\)](#), June 2023, ICMA.

Rating	Typical characteristics
Dark green	<ul style="list-style-type: none"> <li>• <b>Issuer profile:</b> <ul style="list-style-type: none"> <li>– Strong versus peers on sustainability practices, meets sector guidance expectations.</li> </ul> </li> <li>• <b>Bond principles:</b> <ul style="list-style-type: none"> <li>– Comprehensive framework, providing detailed information on ICMA categories alongside a second-party opinion.</li> <li>– Robust governance of project selection and management, with a dedicated evaluation committee including appropriate representation.</li> <li>– Clear commitment to annual allocation and impact reporting with appropriate KPIs, third-party verified.</li> </ul> </li> <li>• <b>Bond impact:</b> <ul style="list-style-type: none"> <li>– Use of proceeds projects are well defined with specific thresholds.</li> <li>– Eligible projects are considered relevant and align with sector guidance expectations.</li> <li>– Issuance may be thematic or specify expected allocation at pre-investment stage.</li> </ul> </li> </ul>
Light green	<ul style="list-style-type: none"> <li>• <b>Issuer profile:</b> <ul style="list-style-type: none"> <li>– Adequate versus peers on sustainability practices, working towards sector guidance expectations.</li> </ul> </li> <li>• <b>Bond principles:</b> <ul style="list-style-type: none"> <li>– Comprehensive framework, providing information on ICMA categories alongside a second-party opinion.</li> <li>– Baseline governance of project selection and management, with an articulated evaluation body and processes.</li> <li>– Commitment to annual allocation and impact reporting, which may include third-party verification.</li> </ul> </li> <li>• <b>Bond impact:</b> <ul style="list-style-type: none"> <li>– Use of proceeds projects are generally well defined with appropriate thresholds.</li> <li>– Eligible projects are considered relevant overall and partially align with sector guidance expectations.</li> </ul> </li> </ul>
Neutral	<ul style="list-style-type: none"> <li>• <b>Issuer profile:</b> <ul style="list-style-type: none"> <li>– Adequate versus peers, working towards sector guidance expectations.</li> </ul> </li> <li>• <b>Bond principles:</b> <ul style="list-style-type: none"> <li>– Comprehensive framework, providing information on ICMA categories alongside a second-party opinion.</li> <li>– Baseline governance of project selection and management, with an articulated evaluation body and processes. Lags some expectations, including refinancing portion and repayment of debt.</li> <li>– Commitment to annual allocation and impact reporting, which may include third-party verification.</li> </ul> </li> <li>• <b>Bond impact:</b> <ul style="list-style-type: none"> <li>– Use of proceeds projects largely target operating expenditures, and include the issuer's full balance sheet (i.e. finance business as usual).</li> </ul> </li> </ul>
Red	<ul style="list-style-type: none"> <li>• <b>Issuer profile:</b> <ul style="list-style-type: none"> <li>– Lagging versus peers, does not meet sector guidance expectations.</li> </ul> </li> <li>• <b>Bond principles:</b> <ul style="list-style-type: none"> <li>– Fails to provide sufficient information regarding the impact bond framework, may have no second-party opinion.</li> <li>– Lacks clear commitment to allocation/impact reporting.</li> </ul> </li> <li>• <b>Bond impact:</b> <ul style="list-style-type: none"> <li>– Use of proceeds largely target operating expenditures, are immaterial to the sector or no information has been provided.</li> </ul> </li> </ul>

## IMPACT ISSUERS: INSIGHT'S ASSESSMENT APPROACH

When considering whether a debt issuer might be classified an impact issuer, it is important to note that its conventional debt will support the issuer's wider business activities – it will not have specific use-of-proceeds parameters that ensure the money raised will be used to support environmental or social projects. Assessing the issuer's overall environmental and social profile is therefore crucial.

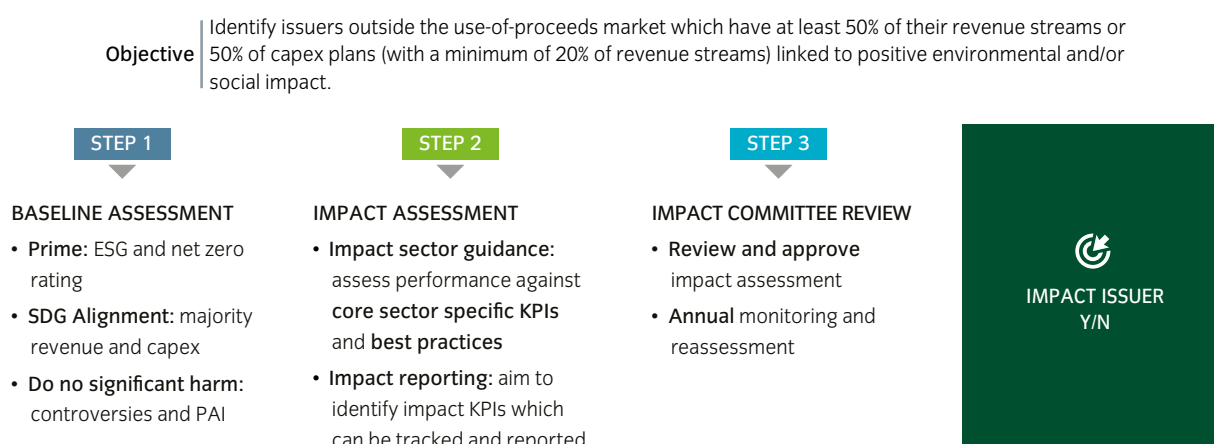
Potential impact issuers are formally assessed by Insight using a sector-based approach. This process helps identify

meaningful opportunities for positive impact while addressing any potential negative impacts. Assessments combine both data-driven analysis and qualitative judgement.

Only issuers with at least 50% of revenue from activities aligned with the UN SDGs or the EU Taxonomy, or at least 50% capital expenditure alignment (and at least 20% revenue alignment), and which deliver a measurable positive impact, can qualify as an impact issuer.

A recommendation is formulated by the Responsible Investment Team regarding how to classify an issuer, and this is approved or rejected by Insight's Impact Committee.

Figure 18: Insight's impact issuer assessment process



### Starting with data-driven insights

Insight combines standardised templates, ESG-integrated data sources and proprietary analytics to evaluate issuers.

- **Advanced proprietary models:** benchmark baseline performance on ESG factors and net zero maturity.
- **Positive impact scanning:** apply comprehensive metrics to measure sustainable revenues and identify key SDG (mis) alignments.
- **Negative impact scanning:** avoid issuers generating revenue from activities that significantly hinder the SDGs by applying exclusions, detect impact risks via Principal Adverse Indicator (PAI) and controversy checks.

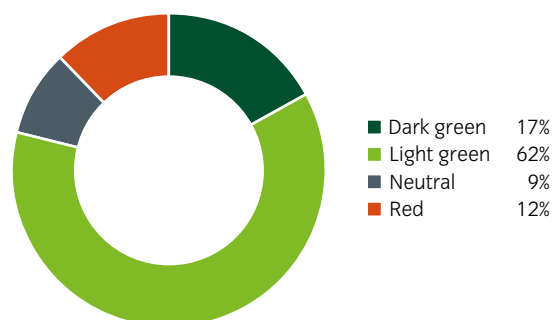
### Complementing data-driven analysis with qualitative due diligence

Insight conducts a qualitative due diligence in line with the relevant sector-specific guidance, to assess whether an issuer demonstrates intent and ongoing measures to maximise impact opportunities and reasonably mitigate potential

adverse impacts. This evaluation draws on sector-relevant metrics and issuer ESG disclosures, ensuring a comprehensive and balanced view.

Issuers are classified as either impact issuers or not. There is no partial classification. This approach ensures that only companies with a strong, demonstrable commitment to sustainability and impact are recognised as impact issuers.

Figure 19: Insight impact bond ratings 2025<sup>25</sup>



<sup>25</sup> Source: Insight.

**CASE STUDY:** Impact bond issued by a Middle Eastern bank

**Background:** The bank's sustainability bond is 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 human rights risks. We had previously engaged to provide feedback and improvement areas to strengthen the framework, alongside feedback on other sustainability issues which had led to upgrades to its Prime ESG rating.

**Activity:** In the engagement, we discussed the issuer's impact framework, which currently does not meet our criteria for investment in Insight's impact allocations.

Whilst noting progress by the issuer in its sustainability performance, we highlighted enhancements required in their impact framework to enable investment by Insight within its impact portfolios.

We advised the issuer that due to the heavy allocation to green buildings and renewable energy projects through previous issuance of use-of-proceeds bonds, we scrutinised eligibility criteria here more closely. Specifically, we mentioned that the minimum requirement of Leadership in Energy and Environmental Design (LEED) 'Silver' is insufficient under Insight's assessment framework. The issuer noted this is the most-used green building certification in its region, and suggested that raising the minimum certification level would be a positive step. We also noted that the Building Research Establishment Environmental Assessment Method (BREEAM) requirement is at 'Very Good' and above, which is typically unfavourable under Insight's framework. The issuer said that the BREEAM certification is rare in its region, making LEED improvements more crucial. The bank was receptive and agreed to update this in line with our expectations. The bank therefore plans to publish its green building portfolio's position, demonstrating performance as within the top 10% for banks in the region.

Regarding human rights, we pointed out the bank's disclosures are light, and its current statement does not offer much detail on the due-diligence process it carries out for its customers. The issuer acknowledged this and stated that while the bank is carrying out what it considers to be strong work in this space, it appreciates current policy documents do not reflect this and assured us that it will update its policies. The issuer confirmed that in cases of alleged human rights violations on the part of its clients, there is a consultation process in place. However, there was no confirmation on whether the bank would exit a relationship on the basis of such abuses.

**Outcome:** The engagement was constructive; the issuer was receptive to our recommendations to the framework and human rights approach. We will monitor for updates to the bank's impact framework and human rights policies. If implemented, we may upgrade the bank's impact bond framework to light green, if it exhibits progress in its sustainability strategy and commitments.

### CASE STUDY: Assessing a Middle Eastern sovereign issuer's green finance framework and its alignment to its national sustainability strategy

**Background:** We engaged with a sovereign issuer's national debt management centre on the country's green finance framework programme. The issuer has set a net zero target to be achieved by 2060 and has targeted 50% of energy coming from renewables by 2030.

The nation is highly exposed to water scarcity. We noted that the country lacks a developed national water strategy and associated targets. We were therefore interested in understanding how the new framework would address both climate and water risks effectively.

**Engagement:** Despite an expected material allocation to sustainable water management projects (c.40%), and smaller allocation to renewable energy projects (c.20%), demonstrating the sovereign's intention to address both climate and water-related risks, we wanted to understand the nation's commitment to making material changes and integrating sustainability considerations into its national strategy.

Given the focus of the framework on targeting sustainable water projects, we asked the sovereign whether it intends to use gas or renewables in desalination projects, given there is no explicit reference to prohibiting fossil fuels in the framework. The response was deferred to subject-matter experts not available on the call. We acknowledged the efforts to improve water treatment, but ultimately, we noted that if the issuer introduced national targets regarding water use, withdrawal and efficiency, this would clearly demonstrate intent to measure progress in this area.

**Outcome:** Despite a positive green finance framework with clear use-of-proceeds categories and eligibility criteria, demonstrating potential for positive impact, the issuer's impact framework was rated as red under Insight's impact assessment framework. Therefore, the issuer is not eligible for investment within Insight's Responsible Horizons strategies. The rating was driven primarily by the sovereign's dependency on fossil fuels, and a lack of a recent track record illustrating clear progress against climate-related goals.

Going forward, we would like to see progress at a national level in terms of water-usage performance and increased renewable energy generation as a proportion of total generation, in order to gain comfort around the nation's trajectory.

We encouraged the issuer to publish year-on-year renewable energy generation details, to address the social impact of projects financed under the framework, and to set national-level water-related efficiency targets.

## 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.

In 2024, we established our Derivatives Policy for ESG portfolios 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 relevant 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 this 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. See **Section 8** for more information.

### Data provided to clients

To help our clients understand the ESG risks borne by their counterparties and how they are managed, our ESG ratings for relevant derivative counterparties are incorporated into our regular reporting for 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 regulatory requirements regarding ESG disclosures.

## MULTI-ASSET

Our global macro approach seeks to deliver long-term growth through dynamic asset allocation across a wide range of asset classes. Our responsible investment framework combines sustainability-related exclusions with research to assess both the direct and indirect ESG exposures within the portfolio.

For indirect exposure to equities, fixed income and commodities, this includes evaluating the underlying ESG screening methodology and excluding:

- corporate issuers materially involved in tobacco production, controversial weapons, or thermal coal mining and/or power generation, as well as those that fail to meet our good governance standards;
- commodities with exposure to thermal coal and/or tobacco; and
- debt and debt-related securities issued by countries assessed as being subject to social violations. This assessment draws on inputs such as the Freedom House Score, UN and EU sanctions lists, and the Fragile States Index, with social violations including human rights issues and sanctioned regimes.

For direct investments, the ESG framework excludes:

- corporate issuers materially involved in tobacco production, controversial weapons, or thermal coal mining and/or power generation, as well as violators of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises;

- asset-backed or mortgage-backed securities with the two lowest overall ESG ratings under Insight's proprietary system (ratings 4 and 5 on a scale of 1–5, where 1 is highest), as well as any unrated securities; and
- infrastructure securities with the lowest overall ESG rating, as well as unrated securities.

Applying this framework, our flagship multi-asset capability, Insight's broad opportunities strategy, aims to invest at least 70% of net assets in holdings that meet specific environmental and social characteristics.

We also exercise active stewardship through voting across all infrastructure holdings. Our engagement efforts seek to advance responsible investment practices, support stakeholder interests, and promote best practice standards.

## CUSTOM PORTFOLIOS WITH SUSTAINABILITY-RELATED OBJECTIVES

We recognise that many clients are increasingly wishing to adopt solutions that move beyond a focus only on materiality of sustainability 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, sustainability 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 – we call these our Responsible Horizons strategies.

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 sustainability 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 non-financial 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<sup>26</sup>

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 managed with a focus on responsible investment outcomes	iBoxx Sterling Collateralised and Corporates Index
Responsible Horizons Buy and Maintain Bond	Article 8	Buy and maintain strategy aligned to net zero and managed with a focus on responsible investment outcomes	iBoxx Sterling Collateralised and Corporates Index

### 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 Buy

and Maintain Bond strategies apply such criteria. Investors can find more details in the relevant documents for each strategy.

In 2025 we, expanded our Responsible Horizons product line by launching the Responsible Horizons Buy and Maintain Bond Fund. The Fund looks to offer investors a cost-efficient way to gain exposure to credit as well as incorporating clear sustainable investment criteria and takes ESG factors into account when making investment decisions.

As part of our ongoing commitment to ensuring clarity and integrity in our product positioning for Responsible Horizons, we adopted the Paris-Aligned Benchmark (PAB) exclusion criteria for Responsible Horizons strategies in 2025. This update was implemented to align the strategies with ESMA ESG and sustainability-related fund naming guidelines.

<sup>26</sup> These characteristics and parameters, in some cases, reflect internal guidelines which are subject to change. In December 2025, the Responsible Horizons Strategic Bond Fund was renamed the BNY Strategic Bond Fund. The Fund's net-zero emissions targets were removed, but other sustainability-related measures remain.

## 6.2 ENSURING OUR SERVICE PROVIDERS SUPPORT THE INTEGRATION OF STEWARDSHIP AND INVESTMENT

Insight follows the BNY Enterprise Sourcing Framework 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 10** for more information.

### CRITERIA FOCUSED ON INTEGRATION OF STEWARDSHIP AND INVESTMENT FOR SERVICE PROVIDERS, INCLUDING MATERIAL SUSTAINABILITY 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
- Conflicts of interest
- Financial integrity
- Anti-corruption
- Employment conditions
- Environmental sustainability
- Community commitment

The BNY Supplier Code of Conduct can be found in full [here](#).

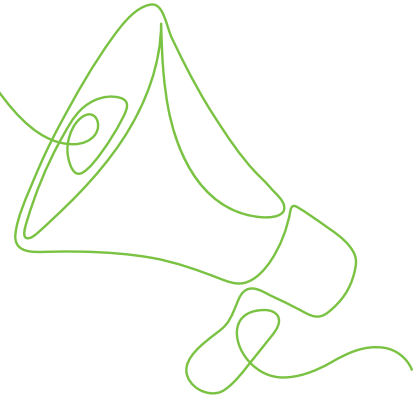
With respect to the third-party service providers supporting our responsible investment activities, data sources are assessed according to factors including their timeliness, data coverage, transparency and the quality of their methodology.

Please see **Section 10** for more details.



# 7

# Promoting well-functioning markets



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

## Overview

### Key statements

#### How Insight identifies and prioritises engagement on systemic risks

- 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 in 2025

- 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 2025 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 promoting well-functioning markets, our engagement on these issues is intended to contribute positively, and we have observed constructive outcomes in a number of cases.

## 7.1 HOW INSIGHT IDENTIFIES AND PRIORITISES ENGAGEMENT ON SYSTEMIC RISKS

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 both financial and non-financial 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 click [here](#).

### HOW INSIGHT IDENTIFIES MARKET-WIDE AND SYSTEMIC RISKS FOR ENGAGEMENT

#### New for 2025: Insight's Advocacy Strategy Group

The Advocacy Strategy Group (ASG) is responsible for horizon scanning public policy and regulatory developments, defining Insight's priorities for strategic policy engagement on behalf of our clients, including issues related to sustainability matters. The Group monitors progress against priority initiatives, assesses the impact of the advocacy programme and oversees the external relationships we maintain to support policy engagement.

Its role is:

- establishing Insight's priorities and objectives regarding proactive advocacy on public policy and regulation;
- identifying and assessing public policy and regulatory developments and selecting targets for proactive advocacy efforts;
- developing Insight's advocacy programme, where relevant coordinating with BNY's Public Policy and Government Affairs (PPGA) team; and
- overseeing Insight's external relationships and memberships relevant to advocacy, ensuring positive impact and benefits relative to the associated costs.

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 the ASG.
- 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.

- ESG risks and opportunities to engage are monitored by our Responsible Investment Team.

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 colleagues.

**2** **Prioritisation for engagement**: Information is assimilated and considered by the ASG. How an issue is prioritised for engagement by Insight depends on a range of factors, including the potential impact on clients.

**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. Relevant individuals from the ASG and the business are identified to lead engagements, and may be supported when necessary by the BNY Public Policy and Government Affairs team.

**4** **Reporting to internal and external stakeholders**: The prioritisation of consultations and actions taken are reported to IROC. Relevant activity is shared regularly 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 appropriately positioned in light of any market-wide and systemic risks we identify that may impact them.

## 7.2 ACTIVITY IN 2025

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 2025 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

Insight has been vocal about our belief that trustees and sponsors of UK DB schemes should be encouraged and

enabled to run on their schemes, and to use surplus assets to realise other wide-ranging benefits.

Insight has proactively engaged with the UK government on behalf of our UK DB pension scheme clients through direct dialogue and written submissions in 2025. Our view is that DB schemes are the ideal vehicle to ensure the best financial outcome for their members.

We believe **our engagement directly contributed to the [government's announcement in January 2025](#)** that it would seek to encourage and enable DB schemes to release surplus. The Pension Schemes Bill, first introduced in June 2025, included such measures.

However, we believe that without suitable measures in place to reassure trustees that members' pensions will remain secure, less capital could be released. We therefore [published a detailed response to the Pension Schemes Bill](#) in which we explained how DB surplus release is critical to the UK's future; the new DB surplus release policy is very positive, but unlikely to achieve its full potential if trustees feel obliged to retain excess surplus; and that universal 100% PPF protection is the key missing ingredient.

We believe the success of the government's surplus release policy would result in tangible benefits for millions of DB scheme members, thousands of corporate sponsors, the gilt market, the government and the UK economy, and retaining security for pensioners.

Insight has therefore continued to engage with clients, policymakers, regulators, advisers, industry peers and other stakeholders to advocate for this change.

## INSIGHT ENGAGES WITH THE BANK OF ENGLAND ON MANDATORY GILT REPO RULES

We set out a strong case to the Bank of England (BoE) against introducing mandatory clearing or minimum haircuts for gilt repo trades by DB pension schemes. Our November 2025 response addressed the BoE's discussion paper on potential reforms to the gilt repo market.

The BoE's objective was to strengthen gilt repo market resilience, so that it better absorbs rather than amplifies shocks. The BoE highlighted concerns around high leverage in non cleared gilt repo – enabled by zero or near zero haircuts – and insufficient transparency around counterparty exposures and market positioning.

In its paper, the BoE explored two main reform options: expanding (or mandating) central clearing of gilt repo, and imposing minimum haircuts on non cleared trades. Our response focused on the potential impact on pension funds; i.e. long term, low risk investors with regulatory guidance

already in place around the use of leverage. We argued that these proposals could unintentionally increase risk for schemes.

On repo clearing, we recognised that access to central clearing can offer benefits, such as improved pricing and flexibility, from time to time. However, mandating clearing would create significant challenges. Initial margin requirements reduce available collateral; cash variation margining could force schemes to increase repo usage simply to raise cash; and overall costs would rise. These effects would weaken, rather than strengthen, resilience.

On minimum haircuts, we argued that a one-size-fits-all approach would have unintended consequences. Mandatory haircuts could materially increase costs for pension funds, increase credit risk, and reduce collateral efficiency. As a result, overall market resilience may fall.

Our case builds on our longstanding engagement with policymakers, including our successful campaign against mandatory central clearing of swaps for pension funds, which concluded in January 2025 (see box-out below). We now await feedback from the Bank of England and will continue to engage constructively as the policy discussion develops.

### Central clearing of derivatives 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 was a clear positive development for UK DB schemes and the wider economy, and represented 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 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.

We believe the UK's approach to central clearing is a 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.

## RESPONSIBLE INVESTMENT

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.

Insight responded to, and contributed to industry responses to, several consultations in 2025, including the following.

- The UK government's Transition Plan Requirements consultation, where we highlighted the usefulness of transition plan disclosures for investors. We also encouraged interoperability, proportionality, alignment and efficiency across reporting standards.
- The UK Prudential Regulation Authority (PRA) consultation on climate risk management practices for banks and insurers, providing guidance on good practices from across the industry including IIGCC and Partnership for Carbon Accounting Financials (PCAF) amongst others.
- The Financial Reporting Council (FRC) UK Stewardship Code Consultation on proposed changes to the Code.
- The IIGCC consultation response on UK Sustainability Reporting Standards (SRS) reporting requirements.
- The IIGCC Climate Risk Investment Framework (CRIF) consultation providing recommendations on physical climate risk disclosures and assessments.
- The National Wealth Fund consultation supporting its objectives on UK growth, competitiveness, sustainability, and mobilising private capital, while providing inputs on risk budget, sector focus and governance to enhance its potential as a risk capital provider and a partner for the private sector.
- The European Commission call for evidence on SFDR to provide views on various elements of SFDR, while providing a holistic set of recommendations to refine SFDR to better support our clients' preferences and choices, including regulatory harmonisation, product categorisation, implementation enhancements and framework connectivity.
- The UK government's Green Taxonomy consultation supporting the need for taxonomies to support the transition, sustainable investment allocations and minimising greenwashing while balancing it with the value addition from a new taxonomy versus a combination of existing taxonomies and guidance.
- The Glasgow Financial Alliance for Net Zero (GFANZ) on developing 'transition informed' indices to support the net-zero transition and working on what we believe to be a unique investment approach to support our clients focused on transition investing.

### CASE STUDY: Engagement on UK climate policy and sectoral decarbonisation

**Background:** Through the Climate Change Act 2008 (as amended), the UK has committed to achieving net zero by 2050 and has since introduced various strategies and policies to help meet this commitment, such as mandating TCFD-aligned disclosures.

Over the years, Insight has been engaging with the government both directly with the DMO and collaboratively through leading roles within initiatives including the Transition Finance Council and IIGCC, in order to provide technical and industry-specific advice to the UK government on how to meet its binding commitment to net zero. The Transition Finance Council feeds recommendations into the UK Net Zero Council, which comprises representatives involved in sustainability strategy and policy from the Treasury, and government agencies including the Department for Energy Security and Net Zero (DESNZ) and Department for Environment Food and Rural Affairs (DEFRA).

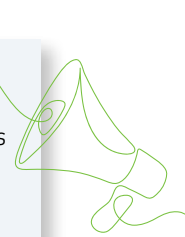
Through 2025 and into 2026, Insight has been an active member of the Transition Finance Council across the Scaling Transition Finance workstream.

**Engagement:** In 2025, Insight contributed to the Transition Finance Council's sector finance playbook, which outlines the co-creation process; the policy and bankability playbook; and the technology scale-up roadmaps needed to mobilise transition finance. The next step was to pilot the playbook in action. The Council selected two sectors – long-duration energy storage and cement.

Insight participated in the long-duration energy storage deep dive, and was involved in facilitating discussions and roundtables with the DESNZ, the UK National Energy System Operator, the electricity regulator Ofgem, energy storage developers and financiers. The discussions were both bilateral and in the form of collaborative roundtables to discuss the current long-duration energy storage policy landscape, the need for investor engagement in energy systems planning, policy gaps and recommendations for refinement, leading to improved bankability and financing for the UK long-duration energy storage sector.

Having successfully worked on co-creating the sector roadmap for the long-duration energy storage sector, Insight is also now involved in the co-creation of the sector decarbonisation and financing roadmaps for UK food and agriculture and cement.

**Outcome:** Through engagement with the government, Insight continues to support dialogue between government, industry and finance, facilitating research, policy-setting and bankability guidance in specific areas at the intersection of growth, competitiveness and sustainability, to scale and improve transition financing.



# 8

## Engagement



Insight engages with issuers to better understand, maintain or enhance the value of assets.

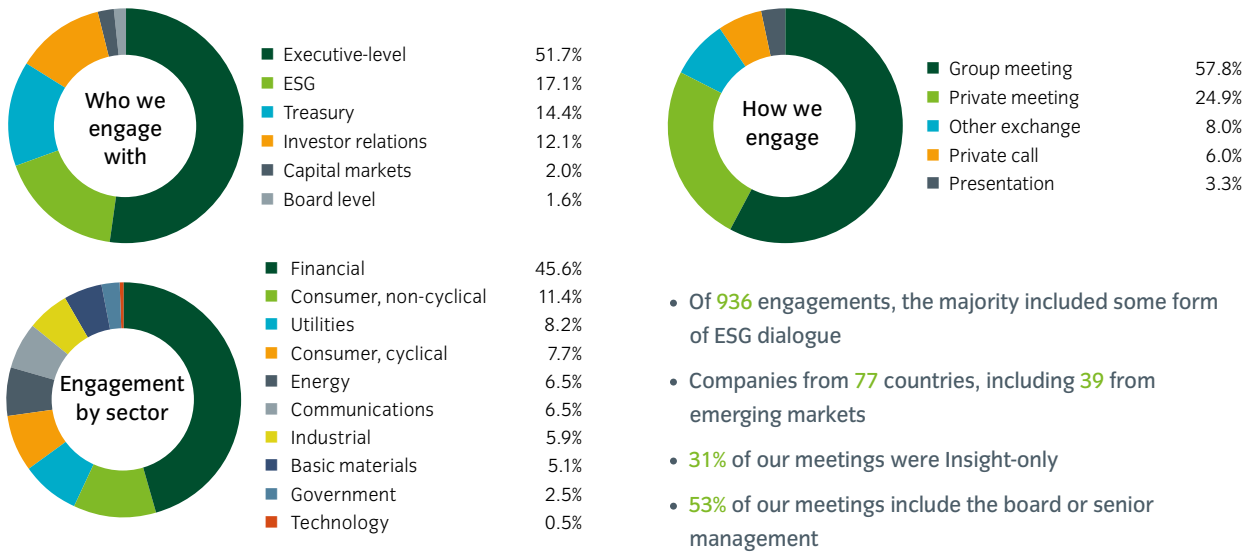
### Overview

#### Key statements

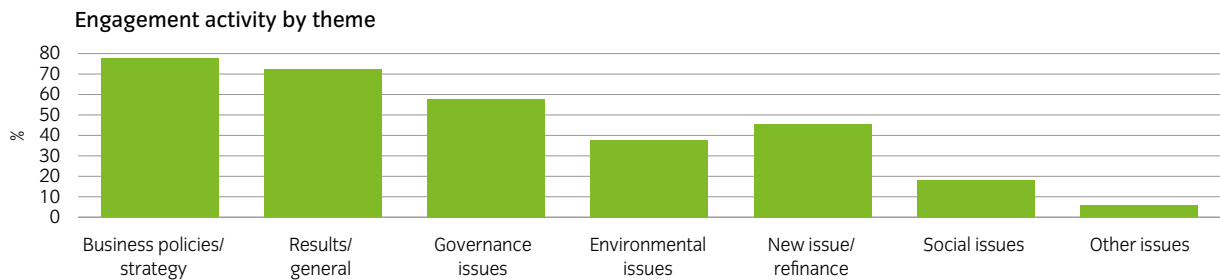
- Our engagement programme in 2025 included sustainability thematic priorities (climate change, natural capital and biodiversity, and labour management). Our focus on counterparties continued, with the second iteration of the counterparty engagement programme continuing throughout 2025.
- In 2025, we conducted 936 engagements with debt issuers, of which the majority included some form of ESG dialogue. These included 150 engagements focused solely on such issues. The 936 engagements included interactions with companies in 77 countries, of which 39 were emerging markets.
- We outline the types of companies we engage with, the method of engagement, and sustainability themes on which we engaged
- We explain how we tailor our approach across the investment types and markets we focus on, with examples from 2025 of our engagements in each:
  - Fixed income
  - Secured finance
- In 2026, our climate change and natural capital themes remain unchanged. We intend to replace the labour management theme with artificial intelligence to reflect our research priorities.
- After sending the second version of our Sustainability Assessment Questionnaire to our largest 25 banking counterparties in 2024, we collected responses and used these to conduct a benchmarking exercise to understand how sustainability risks are managed by each organisation. This assessment resulted in tailored engagements that were issued to counterparties. We continued our engagement programme throughout 2025 with these counterparties, engaging on themes that were outlined in the feedback reports. We plan to conduct a fresh assessment of our counterparties in 2026 to inform our future engagements.

# 8.1 HOW INSIGHT HAS ENGAGED IN 2025

Figure 20: 2025 fixed income engagement activity<sup>27</sup>



- Of 936 engagements, the majority included some form of ESG dialogue
- Companies from 77 countries, including 39 from emerging markets
- 31% of our meetings were Insight-only
- 53% of our meetings include the board or senior management



Information on the integration of sustainability factors within our investment processes, across different asset classes and strategies, is provided in **Section 1**. 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.

## THEMATIC ENGAGEMENTS

We prioritised key sustainability engagement themes for 2024/5 to ensure we were consistently addressing important issues through our engagement activity. These were discussed and approved by the RIG. Our prioritised themes for 2025 are outlined below:

- **Climate change:** Governments and businesses are grappling with the implications of climate change, and some of Insight’s clients are looking to pursue net-zero targets.

<sup>27</sup> Source: Insight as at 31 December 2025. 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.

Insight previously set an ambition to 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 ambition, we set a goal to ensure at least 70% of financed emissions for assets within scope are either achieving net zero; aligned or aligning to a net-zero pathway; or subject to engagement by the end of 2025. We met this target, achieving over 70% by the end of 2025.

We have also established a position on thermal coal, which is available on request.

- **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 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 should allow for more granular assessment of material nature risks within investment risk screening. However, given the lack of standardisation in natural capital data and the idiosyncratic nature of different natural capital-related risks, significant data quality challenges remain.

We previously conducted a research piece specifically focused on water risks in corporate bond portfolios<sup>28</sup>. 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 used this research as a basis for deep-dive

engagements with issuers which are exposed to water-related risks. In 2025, 38 of our ESG deep-dive engagements discussed water-related issues. We are looking to continue this programme in 2026 and explore additional areas of natural capital risk.

- **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.

We completed an internal research piece in 2025 which evaluated human rights risks within the context of financial materiality and its implications on investment portfolios. The research found that:

- Human rights controversies arise across many sectors, but more prevalent and impactful in extractive sectors, retail, utilities, construction, food products, and some other high-risk industries.
- For credit investors, human rights considerations alone have not been financially material for spreads. However, the reputational and financial implications of human rights violations and controversies, in conjunction with governance and environmental issues, can exacerbate underperformance of a company's share price and credit spreads, affecting long-term returns.
- While there is alignment on what constitute egregious human rights failures, the definition of materiality across human rights issues is still variable. Historical performance indicators are dominated by impacts from controversies, while an assessment of practices in supply-chain labour management, health and safety, community and stakeholder relations, and controversial sourcing, drive forward-looking performance indicators.
- The research also presented a framework to assess the quality of a company's policies and reporting on human rights, which we have applied to companies which were highlighted to have high human rights-related risks. This has informed our engagement approach on the topic.

<sup>28</sup> [Access to water: a growing risk](#), 5 August 2024, Insight.

### Engaging with UK housing associations in 2025

In 2025, we developed a dedicated housing association engagement programme given Insight's material exposure to the sector. The sector also has significant importance from a sustainability perspective, given the material contribution of housing to the UK's emissions profile and the clear social angle to housing associations.

Building on our long-standing engagement with the housing association ecosystem, including involvement in the development of the Sustainability Reporting Standard for Social Housing (SRS), we undertook a sectoral review which assessed the state of play to establish a clear baseline of sustainability and risk management practices across the sector. This work applied a double materiality lens, combining regulatory data, SRS disclosures and qualitative analysis to identify sector wide issues and areas of emerging best practice, with a particular focus on climate change mitigation, natural capital, building safety, customer relations and governance.

Findings from our review informed the development of a screening and engagement prioritisation framework, allowing us to identify issuers with heightened risk profiles due to poor performance on material ESG topics. Engagements have been focused, addressing issues such as transition planning, energy efficiency, water management, Scope 3 emissions disclosures, repairs performance, tenant satisfaction and governance.

Going forward, we expect our engagement with housing associations to centre around progress in the key areas highlighted, where we will strive for improved transparency and stronger long-term risk management practices.

### 2026 engagement themes

For 2026, we are retaining climate change and natural capital as engagement themes. We are replacing our labour management theme with a focus on AI given the completion of our research into human rights risks. However, we will continue to integrate the findings of the human rights research in our engagements for companies in material sectors.

- **Artificial intelligence (AI):** Artificial intelligence is reshaping global economic, financial, and social systems with a speed and magnitude unseen in previous technological cycles. AI is a layered, interdependent ecosystem involving physical, digital, and socio-economic components, where failures in one layer can cascade and amplify risks across the entire systems. This makes the risks associated with AI novel, complex and potentially fundamental. For investors, this transformation is happening at pace and could introduce

financially material risks to portfolios. As a non-linear, probabilistic, and self-amplifying system, AI can create unprecedented productivity opportunities and entirely new categories of operational, ethical, legal, reputational, social, and systemic risks.

AI governance will play a central role in how entities manage and respond to AI risks. In our view, leadership in the use of AI requires careful review and design of enterprise arrangements, infrastructure systems, data provenance, model validation and integration in overall risk management, to survive and thrive in the AI-led transition. For these to interact effectively and efficiently, while mitigating risks, clear governance is essential. For capital allocators, there is a need to understand all of these components to effectively analyse and pick the winners and losers in this changing world.

## 8.2 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 government throughout 2025, however the focus shifted toward collaborative engagement with other investors, as it can be more productive when a collective voice engages on a shared objective.

In 2026, we plan to engage with the UK DMO focusing on the updated UK Green Financing Framework, given the inclusion of nuclear as a green category. We plan to discuss due-diligence requirements for nuclear due to the risks associated with the energy source. We aim to highlight the need for detailed nuclear disclosures and expected allocation transparency upon issuance.

#### 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 sustainability factors and sovereign credit risk. In emerging markets, there is clearer scope for differentiation.

In 2025, 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, support systemic risk management by government bondholders and investors in Australian assets, and provide technical advice to the Australian government to support it in meeting its net-zero ambitions. More details are provided of this collaborative initiative later in this section.

#### CASE STUDY: Discussing the Italian government's role in managing water scarcity across the country

**Background:** Leakage from Italy's water system is very high, with figures around 40% in recent years, while national water infrastructure appears to be characterised by a number of inefficiencies that materialise along the entire distribution chain<sup>29</sup>.

**Engagement discussion and findings:** We met with the sovereign's Ministry of Finance and Economics in 2025. After assessment of the sovereign's impact bond framework and sovereign environmental risks, we highlighted water scarcity as a prominent issue across the country.

We highlighted in our engagement that the sovereign's water-related performance and infrastructure is lacking compared to European peers, given high leakage rates across the country and numerous areas with high water stress. We advised this is a key issue for the governmental figures to address, given the potential business disruptions that can result from high water stress.

The Ministry indicated that responsibility for improving water infrastructure resides with the operators that manage the water distribution system. The sovereign noted its current priorities center around supporting energy efficiency and clean transportation projects, highlighting that trains in the country are under strain and the current transport fleet is contributing significantly to emissions levels. As such, the sovereign indicated the focus on water requires corporate efforts.

**Outcome:** The engagement revealed the sovereign's governmental departments are not focusing on water risk as a priority, despite the higher levels of leakage across the country which indicate a large proportion of its land is under water stress. We recommended the sovereign communicates a plan to address issues with water infrastructure and work with corporates to improve its water management performance.

We suggested the Ministry consider financing water-related projects under the biodiversity category within its sustainable financing framework. We also recommended that details on improvements to leakage rates as a key performance indicator be reported within impact reporting in future.

<sup>29</sup> [Water statistics: years 2020-2024 \(PDF\)](#), 21 March 2025, Istituto Nazionale di Statistica.

### CASE STUDY: Evaluating Japan's transition strategy

**Background:** We engaged with the Japanese Debt Management and Environmental Finance Office to discuss the country's Green Transformation approach to the transition and its Green Transformation bond issuance which relates to its transition framework.

The issuer is currently rated as 'Committed' to net zero in Insight's sovereign net-zero alignment framework. With a clear net-zero ambition and interim emission-reduction milestones for 2030 and 2035, alongside 2040 energy goals, the sovereign is a ratified Paris Agreement signatory. The sovereign has relevant climate legislation, multi-sector climate strategies, energy-efficiency laws and targets, and a carbon-pricing mechanism in place.

However, the 2030 target does not appear to be aligned with a 1.5°C pathway, and the most recent draft energy plan signalled slower than anticipated growth in renewable energy capacity through 2030. In addition, clear targets and/or policy frameworks are lacking in key areas of the transition.

**Engagement discussion and findings:** WWe explored the sovereign's published allocation report, which detailed around 40% of proceeds had been directed towards research and development (R&D). Reporting was assessed as transparent and well supported by case studies, with impact reporting expected later in the year. Core impact metrics highlighted by the sovereign include realised CO<sub>2</sub> emissions reductions and, for R&D projects, future emissions reduction potential.

The sovereign emphasised that its transition strategy is designed to deliver decarbonisation alongside economic growth, using the transition agenda to spur innovation and enhance long term competitiveness. R&D has been prioritised on the basis that early stage technologies carry higher risk and are more appropriately supported by the public sector, while the government also seeks to address price gaps in emerging technologies such as hydrogen. On carbon pricing, the sovereign described its approach as pragmatic, aiming to support efficiency and market development.

Structural constraints shape the sovereign's transition pathway, including limited grid connectivity and geographic exposure to natural disasters, which influence energy and technology choices. The transport sector remains a key focus, with a target for 100% electrified vehicle sales (including plug in hybrids) to enable an orderly transition across the automotive value chain. 'Just transition' considerations are embedded in legislation and policy intent, with an emphasis on reskilling and expanding green human capital, although explicit project level funding in this area has yet to be fully developed.

**Outcome:** Japan has a clear and pragmatic approach, in our view, which is well backed up by its transition finance framework. The sovereign has been transparent in terms of its priorities in the short, medium and long term. We will monitor the issuer's progress and encourage further policy mechanisms to support the credibility of its energy transition plan.

We encouraged the alignment of targets and current actions with a pathway proportionate to the sovereign's expected role in the transition, including the adoption of sectoral decarbonisation pathways.

## 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.

Our analysts aim to look at all financially material risk factors, including sustainability issues where relevant. We make sure our credit analysts have clear incentives to maintain their focus on such issues; they understand that integration of these factors into their research can give them a better understanding of the 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. This is 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 sustainability risks. Topics relevant to new impact bond issuance may be raised by the Responsible Investment Team within regular credit discussions with the wider Fixed Income Group when these are deemed relevant and appropriate.

Our credit analysts also have a requirement to carry out ESG-focused 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 a dedicated template, which is separate to the credit engagement template used for fundamental engagements.

## ENGAGEMENT HIGHLIGHTS FROM 2025

### CASE STUDY: Understanding a UK housing association's approach to sustainability risks

**Background:** The issuer is a major London-focused housing association.

We engaged as part of our Housing Association engagement programme. In our screening process, we noted the issuer has a significant number of homes with an Energy Performance Certificate (EPC) rating below C, and persistent tenant-service weaknesses which had been driving higher maladministration rates.

**Engagement:** The issuer highlighted progress regarding its Scope 3 emissions reporting. The issuer has now moved beyond office-based emissions detail to include tenant energy use in its Scope 3 reporting. This was a key issue our initial screening had flagged from the issuer's 2024 sustainability report. We highlighted to the issuer that if it continues to expand reporting to capture category 1 Scope 3 emissions, which relate to embodied carbon – this would align with sectoral best practice in terms of Scope 3 disclosures.

We asked the issuer how it was improving the energy efficiency of its stock, to which the issuer outlined a 'worst first' retrofit strategy. A refreshed five-year plan is being developed which will capture the issuer's high costs associated with retrofits, noting that London-specific labour and materials constraints inflate these costs significantly. As the issuer does not have the ability to increase rents, it noted it is harder to support the investment case to undergo retrofits. While the ambition was to lift properties to an EPC rating of at least C by 2030, the issuer emphasised the growing tension between aspiration and ability to deliver.

The issuer is reshaping service delivery, bringing more repairs capacity in house and embedding board level oversight. This is supported by directors shadowing frontline complaint handlers to understand key concerns. Despite an improving trajectory, maladministration rates remain above desirable levels, often linked to poor property condition and slow resolution of issues.

**Outcome:** The issuer appears to be addressing areas of concern initially highlighted in terms of EPC planning, building safety remediation, and customer service reform. However, the ability to fully implement these developments quickly is unlikely, in our view, given retrofit cost inflation and complex safety case backlogs. We note successful delivery requires improved data quality, clear targets and sufficient funding.

We encouraged the issuer to publish a clear EPC glidepath with costs set out to better understand feasibility of reaching its EPC ambitions. We also encouraged the issuer to set out targets to decrease maladministration rates and emergency repair completion rates.

### CASE STUDY: Following up on a UK bank's human rights practices

**Background:** The issuer is a UK banking and financial services company that has a strong Prime corporate ESG rating and is highly ranked in our counterparty assessment across several themes.

The issuer is actively involved in sustainable finance and human rights initiatives. The issuer also maintains a focus on modern slavery risks, supported by a dedicated working group and risk acceptance criteria for high-risk sectors.

We have engaged with the issuer several times previously. When we last met with the issuer, it was about to publish a new human rights report. We engaged with the bank after the report was published to understand how it manages human rights risks in more detail.

**Engagement:** From our discussion, we learned that the issuer has embedded human rights into its operations through a structured governance framework, including a Human Rights Action Group and a Modern Slavery Working Group. The issuer uses the UN Guiding Principles on Business and Human Rights (UNGPs) as a benchmark and has developed risk acceptance criteria for customers in high-risk sectors such as textiles, construction, and logistics. Enhanced due diligence includes monitoring red flags (e.g. unusual transactions) and investigating potential violations. Relationship managers are being trained to identify and address human rights risks. Ongoing monitoring tools include media, sanctions, and anti-money-laundering checks, with escalation processes in place for identified issues.

While the issuer confirmed it would terminate relationships if human rights violations persist, the escalation process remains unclear in its public disclosures. We encouraged the issuer to update its Human Rights Position Statement (last updated in 2022) to clarify this, as well as disclose stakeholder engagement levels. Additionally, the issuer's BankTrack human rights assessment score indicates room for improvement regarding stakeholder consultation and transparency.

**Outcome:** The issuer has invested in its management of human rights risks across different roles, though it remains unclear how concerns at the level of the commercial bank are governed and escalated. It appeared that the issuer is still designing processes around this. We will monitor progress, particularly on its disclosures around human rights and stakeholder engagement.

### CASE STUDY: Encouraging clearer long term decarbonisation commitments from a German utility company

**Background:** The issuer is an integrated German electric utility spanning generation, grids and supply. We engaged to follow up on its evolving energy transition strategy, coal phase-out plan, and to encourage long term transparency on its net zero and Scope 3 emissions plans. The issuer is currently rated as 'not committed' within the Prime net zero framework.

**Engagement:** The issuer confirmed it is developing a long term net zero target, building on its 2035 SBTi aligned targets and ongoing work to quantify emissions levers across Scope 1, 2 and 3 emissions. It noted that Scope 3 quantification and a full net zero roadmap will be published by year end 2025, showing evidence of progress against an engagement objective we set in 2023.

The issuer reiterated its commitment to phasing out coal by 2028, ahead of national timelines. It detailed progress on its switch from coal to natural gas, and later low carbon gases, which deliver around 55% emissions reduction per plant. Recent asset divestments and ongoing conversions are materially reducing the coal fleet.

Renewables now represent nearly 59% of its generation capacity with continued build out of solar, wind and pumped storage. It is investing significantly in grid expansion and hydrogen ready infrastructure, recognising the need for regulatory clarity on Germany's planned Power Plant Security Act to unlock stable baseload solutions. Until then, certain coal units must remain in grid reserve.

**Outcome:** The public communication of a formal net-zero target aligns with the focus of our engagement. Further disclosure around Scope 3 could help the bank to improve its ratings under the Prime net zero framework.

The issuer is operating in a challenging environment, with ongoing uncertainty around the preferred technology to ensure a stable baseload as coal is phased out. We will monitor for progress in this area.

**CASE STUDY:** Investigating an energy company's net-zero commitment and methane emissions

**Background:** The issuer is an integrated energy company engaged in the exploration, production, refining, and transportation of crude oil, natural gas, and petroleum products. The issuer has set a 2050 net-zero emissions target, with intermediate decarbonisation targets for 2030. Despite these commitments, the issuer is rated 'not committed' under the Prime net zero framework due to insufficient alignment with various indicators, particularly regarding its Scope 3 emissions.

This engagement was identified through our net-zero engagement programme. As well as its Prime net zero rating, the issuer is in the top 70% of Insight's financed emissions due to significant holdings and high absolute emissions. The issuer also faces challenges related to methane emissions and renewable energy investments. We engaged to address these issues.

**Engagement:** The issuer's Scope 3 emissions target now includes Category 11 (91% of Scope 3 emissions), addressing a previous gap where targets were based on primary energy produced rather than products sold. This improvement is expected to align the issuer with net-zero indicators relevant to the Prime net zero framework.

Additionally, while a third-party data provider estimates the issuer's operations are aligned with a 2.7°C warming scenario, the issuer claims alignment with a 1.5°C pathway. It targets a 10% reduction in oil and gas emissions by 2030, which aligns with global projections. It has also implemented carbon intensity reduction initiatives that include renewable energy; carbon capture, utilisation, and storage (CCUS); and low-carbon multi-energy products for consumers. By 2030, oil and gas will represent over 70% of its energy mix, down from c.90% currently.

We noted that the issuer's methane emissions intensity is higher than its peers, though it aims to achieve 'near zero' methane emissions by 2030. The issuer believes it has invested in reducing methane emissions intensity and quantifying losses through initiatives such as leak detection and repair (LDAR) campaigns, deployment of renewable-powered sensors, and participation in the Oil and Gas Climate Initiative (OGCI), Oil & Gas Methane Partnership 2.0 (OGMP 2.0) and Methane Guiding Principles (MGP). We encouraged the issuer to report its absolute methane emissions.

**Outcome:** The issuer's revised Scope 3 emissions target means we expect it to achieve full alignment in the 'ambition' pillar of the Prime net zero framework in the next update, which may lead to an upgrade in its Prime net zero rating.

**CASE STUDY:** Assessing a UK telecommunications tower company's transition plan and biodiversity strategy

**Background:** The issuer is a UK-based telecommunications infrastructure company operating across Africa and the Middle East.

It actively engages in ESG initiatives, with specific emphasis on climate transition and improving connectivity, as well as natural capital impacts. We wanted to discuss its approach to biodiversity management due to its potential impact on ecosystems in biodiversity-sensitive regions.

On the climate transition, we wanted to gain a better understanding of the company's efforts to reduce reliance on diesel generators, which account for a large proportion of its carbon footprint, as well as the balance between growth and expansion with emissions reduction.

**Engagement:** The issuer acknowledged that carbon reduction is a challenge as expansion and growth in emerging markets will increase absolute emissions due to low grid reliability and necessary use of fuel generators, driving the approach to set tenant intensity targets. It is on track for these intensity targets and is currently in the process of developing a longer-term transition plan. Progress on tenant intensity is monitored monthly, although it noted that expanding access takes precedence.

As part of a key initiative, the company has committed significant capital expenditure between 2022 and 2030 to improve energy efficiency and reduce reliance on diesel generators. This project represents a significant portion of overall capex and has financial benefits, as fuel accounts for two-thirds of total power costs.

The issuer's approach to biodiversity is at a nascent stage, with land-use processes in place for site location and clearing, but it is working to assess broader impacts on natural capital, such as sensitive sites and operations near water bodies.

We encouraged the company to publish a formal climate transition plan setting out its pathway to net zero, and explaining its approach to achieving both growth and decarbonisation.

**Outcome:** The company appears to be continually evolving its sustainability strategy particularly with regard to climate and biodiversity, demonstrating efforts to ensure it targets material areas and aligns with best practices. We will follow up on updates regarding its transition plan and biodiversity efforts, and will monitor progress on key initiatives to assess their impact on energy efficiency and carbon reduction.

### 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 sustainability risks, rather than focusing 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 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 sustainability risks. That includes those issuers who may not have an advanced approach to managing sustainability risks 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 challenges relating to the financial risks posed by sustainability and governance factors. 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: Assessing an emerging market oil company's water risk

**Background:** The issuer is a nationally owned petroleum producer of a Latin American country. We have engaged with the issuer several times in the past couple of years. In March 2024, the issuer published the most comprehensive sustainability plan in its history. We 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.

Given its involvement in the fossil-fuel industry, and based on CDP Water Watch's classification, the issuer operates in a 'Critical' impact industry in terms of water risk. The issuer was highlighted as a priority issuer to engage with through Insight's previous research on water risks due to low alignment with UN Sustainable Development Goal 14, a high percentage of its assets located in high water-stress geographies, and some water-related controversies.

As part of a review in 2025, the same flags remained but we noted that the issuer was rated D in the 2023 CDP Water Security response (the most recent available at the time). It was also flagged that the issuer's water's consumption intensity had increased.

We engaged to conduct a deep dive on its water management and its reporting of water risks and management.

**Engagement:** We asked the issuer why its water consumption increased over 2022 to 2023. The issuer stated the reported increase largely resulted from improvements in verification and reporting water volumes, allowing a more precise and complete report of the actual water consumption in exploration and production operations. The improvements in methodology meant previous figures had been underreported and the methodology had not been applied retrospectively. As a result, the increase between 2022 and 2023 was disproportionate.

The issuer confirmed that it has yet to conduct scenario analysis which also considered water stress. The issuer highlighted that it had been focusing on water management at refining facilities (assets that demand the most water).

We also asked the issuer about its previous communication to us that it was close to joining OGMP 2.0, and why this had not happened. The issuer mentioned the previous administration had a very restrictive policy regarding its resources and as a result it was reluctant to commit, mainly due to the costs versus benefits of the initiative. However, the company is seeing more support for these initiatives under the new administration, so anticipates changes here in future. The issuer confirmed that OGMP 2.0 membership is still under review.

**Outcome:** With regards to the issuer's approach to water management, we felt the company demonstrated adequate awareness of the risks it faces. Due to in-house water treatment facilities, the issuer treats water used in operations (secondary treatment services) before discharge.

We will monitor the company's progress in areas including the integration of water risks into climate scenario analysis and a decrease in water consumption intensity. We also expect the issuer to update its sustainability report to include comprehensive water-management targets, defined accountability for and governance of water management, and regular basin-level water-risk assessments in areas where it operates.

**CASE STUDY:** Examining an integrated oil and gas major's transition efforts

**Background:** The issuer is an integrated oil and gas major. We engaged with the company as part of a collaborative engagement and focused on the credibility of the company's climate strategy, emissions performance, and progress against investor expectations.

The company operates one of the world's largest and most carbon intensive oil and gas businesses, resulting in elevated transition risk exposure and high climate risk ratings. While the company has articulated a net-zero ambition for Scope 1 and 2 emissions by 2050 (limited to wholly owned assets), it has not committed to Scope 3 reductions, and its transition pathway remains closely tied to the continued expansion of oil and gas production.

**Engagement:** During the discussion, the company reiterated that its climate strategy has remained consistent and that it does not intend to revise its targets or overall sustainability narrative. The issuer emphasised that its approach seeks to balance energy security, affordability, and sustainability, positioning efficiency improvements and technological mitigation as central pillars of its decarbonisation strategy. The company highlighted its relatively low upstream carbon intensity, ongoing efforts to improve energy efficiency, minimise flaring, deploy renewables to reduce Scope 2 emissions, and scale carbon capture and storage, including the development of a carbon capture and storage hub.

A significant portion of the discussion focused on emissions monitoring and methane management. The issuer reported progress in reducing absolute methane emissions over recent years and highlighted the use of satellite based monitoring technologies to support detection and prevention. However, coverage currently extends to only a subset of upstream assets, with no clear timeline provided for full asset coverage.

As part of the collaborative engagement, the group reiterated expectations for greater transparency, including disclosure of Scope 3 emissions and formal alignment with industry best practice through initiatives such as OGMP 2.0. While the company acknowledged the importance of these issues and confirmed ongoing internal discussions, no firm commitments or timelines were provided.

**Outcome:** The engagement made clear that the issuer remains engaged with investors and does not intend to weaken its stated climate commitments. It also highlighted the continued reliance on technological mitigation within a growing hydrocarbon portfolio and the absence of material progress against key investor objectives, particularly on Scope 3 emissions disclosure and methane governance. As a result, the collaborative initiative intends to continue engagement with the issuer focused on emissions coverage, transparency, and the long term credibility of its transition strategy.

**Secured finance**

Within secured finance, Insight's engagement approach is bespoke by asset class and strategy, and also has a system-wide focus. When considering system-wide engagement in the context of secured finance, Insight works closely with industry organisations such as the PRI and European Leveraged Finance Association (ELFA).

- With the PRI, Insight has been discussing its research on responsible investment in securitised credit and is currently in the process of charting out a three-year priority roadmap for the PRI, which includes improved climate disclosures (especially physical risks on mortgage transactions), enhanced stewardship guidance especially for CLOs, and potential work with European regulators on ABS with sustainability and/or impact targets.

- With the ELFA, Insight is the co-chair of the Leveraged Loan Committee and is also a member of the ESG committee for CLOs, providing key inputs on integrating governance, climate, nature and broader sustainability considerations into the leveraged loan and CLO markets.

Insight's engagement approach is bespoke based on the specific considerations for the sub asset class and its overall systemic risk and materiality. Given the off-balance sheet nature of most secured finance issuance, governance is a key consideration across analysis and engagement.

- Insight has engaged on particular asset classes such as data-centre ABS (see the case study below).
- For CLOs, especially in Europe, Insight has a programmatic engagement approach which consists of the following steps.

- Manager-level analysis and engagement driven by ELFA questionnaires.
- Deal-level ESG analysis and engagement, especially on conduct and portfolio-based exclusions. Individual engagements at an issuer level (both existing and potential issuers). This may be driven by concerns raised as part of our due diligence (both prior to issue and on an ongoing basis), or by quantitative analysis (such as the CLO portfolio score driven by the completed ELFA CLO manager questionnaire) and thematic concerns (such as the use of environmental considerations across collateral pools).
- More recently, AI-related market volatility, particularly in technology and software services, has driven further analysis and potential engagement planning on deals and managers with software exposure. Insight plans to integrate its research on AI governance into CLOs for further analysis and potential engagements.

### CASE STUDY: Assessing an ABS originator's sustainability targets and water use

**Background:** This engagement was in relation to an ABS transaction from a developer, owner and operator of large hyperscale data centres located globally. The company specialises in building and leasing space, power and cooling to high-quality customers under long-term take-or-pay contracts with annual escalators.

We conducted a high-level review of the issuer's green financing framework, and identified a power usage effectiveness (PUE) target for the data centres of 1.5 or below. This is not an ambitious target – the average PUE in the region relevant to the deal is 1.3 so we would expect a target PUE of at least the regional average.

We used the engagement to assess the originator's sustainability targets and performance, using the issuer's sustainability report and to assess the ESG credentials of the deal, which focused on four data centres in a specific region. We also touched on the issuer's data-centre design and how it uses water effectively to cool the data centres.

**Engagement:** We asked the issuer if it is planning to reduce its average PUE and whether it had a target PUE. The issuer confirmed it has no PUE targets for the region or globally. However, it is working on targets for a new set of goals, and the issuer has completed two PUE initiatives for regulatory purposes within the relevant region, meaning their facilities have officially implemented, verified, and reported on two distinct energy-saving measures to comply with local sustainability regulations.

Regarding its green financing framework, we highlighted that the PUE threshold of the issuer's green financing framework is 1.5, which we consider to be high and is worse than the average in the region relevant to the data centres underlying the ABS transaction. The average PUE in the issuer's sustainability report is 1.26, we asked if it would consider improving the PUE threshold in its framework. The issuer responded that the 1.5 PUE target is to account for the full range of asset types because a PUE target of 1.2 is not achievable globally as an average. However, the issuer said it had begun internal discussions about the inconsistency between the design PUE and the target PUE in the framework.

We also asked whether the issuer is planning to implement air cooling in all its data centres, consistent with its latest design (thus negating the need to use water to cool the data centre and giving a water usage effectiveness, or WUE, of zero). The issuer responded that its standard design uses closed-loop evaporation systems with a WUE of near-zero, and it employs these systems wherever feasible as standard. It does have data centres that use liquid-based cooling systems, and has adapted a design where customers have asked for something different, such as liquid-to-liquid cooling which uses water but is a closed-loop system so there is no evaporation, meaning inefficiencies are eliminated.

We also encouraged the issuer to publish a transition plan illustrating it expects to achieve Scope 3 emissions reductions.

**Outcome:** The issuer has a best-in-class design from a water-use efficiency standpoint, but it is not yet able to report actual figures. The issuer's standard design helps to reduce the level of water risk, but the issuer still experiences water risk as droughts can impact the energy production required to run its data centres.

From an energy perspective, the issuer's average PUE is relatively strong, though the PUE threshold in its green financing framework is weak at 1.5. We recommended that this is updated.

## DERIVATIVES

Investing responsibly includes taking all relevant and material risks into account. With this in mind, sustainability 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 typically 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 sustainability risks borne by derivative counterparties are considered within our Counterparty Credit Committee (CCC) meetings, as indicated by our Prime corporate ESG ratings. Our aim is to ensure that the 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 7** for more information on our work in these areas.

The Solutions Responsible Investment Working Group had 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 in 2025 are provided in **Section 5**.

### 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 sustainability 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 CCC, which is chaired by Insight's Global Chief Risk Officer (CRO). We continued the programme in 2024 and sent the second iteration of our Sustainability Assessment Questionnaire to our 25 largest counterparties. Throughout 2025 we sent feedback reports which outlined strengths and weaknesses based on the benchmarking exercise. We conducted engagements with counterparties to discuss the feedback provided in the reports.

The 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 second iteration of the questionnaire is structured around the following sections:

- Climate change
- Natural capital
- Human rights
- Diversity and inclusion
- Business ethics
- Pay

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.

**Throughout the 2024-2025 programme, we conducted 29 engagements with 21 counterparties. Since the start of the programme in 2022, we have had 15 outcomes where banks have implemented our suggested recommendations. We are looking to build on the programme for the 2026 version, based on the following themes, which will align with our firm-wide stewardship themes and research:**

- Climate change
- Natural capital
- Human rights
- AI

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:** Engaging a counterparty on its customer relations controversies and decarbonisation strategy

**Background:** The counterparty is one of Australia's biggest banks, offering consumer, business and institutional banking as well as wealth management, including insurance and investments. The counterparty is a member of the Net-Zero Banking Alliance (NZBA) and has made commitments to decarbonisation, sustainable finance, and customer protection. However, it has faced multiple controversies related to customer financial protection and compliance failures.

The bank did not respond to our 2024 sustainability assessment questionnaire for counterparties, so we engaged to attain further details on the bank's customer financial protection controversies and decarbonisation strategy.

**Engagement:** Regarding the customer financial protection controversies, the bank acknowledged the cases and mentioned remediation measures are in place. In one case, the bank was fined for misleading conduct and overcharging tens of thousands of customers who were entitled to receive advertised discounts. A separate case involved customers on benefits not receiving the fee free accounts they were entitled to. This issue was self-identified by the issuer and had been discussed with the regulator for some time. Although the bank had contacted customers on the issue, the regulator felt the bank could have been more proactive.

The bank took corrective actions including replacing manually applied pricing structures with automated systems to ensure consistent application of discounts and offers. We noted that the regulator recently approved an updated banking code of practice which uplifts existing standards and customer protections and strengthens requirements around considering customer vulnerability and focusing on inclusivity.

On net zero, the bank has a large number of sector-based decarbonisation targets, focusing on material sectors and high-emitting customers and has implemented fossil-fuel financing exclusions and a phase-out plan for thermal coal-related exposures. However, we highlighted that the counterparty does not currently report facilitated emissions and flagged that it should incorporate these emissions into its targets.

**Outcome:** bank did not respond to our counterparty questionnaire, but was engaged and stated it would participate in the future.

The bank has implemented corrective actions to address past controversies and prevent future compliance failures. However, its history of incidents and MSCI's poor scoring on customer financial protection highlight the need for continued vigilance.

Engagement objectives include:

- Report facilitated emissions and capture them within targets
- Increase scope of customer financial protection training

## 8.3 COLLABORATION – 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.<sup>30</sup>

Organisation/initiative	Insight's role
CDP (formerly known as Carbon Disclosure Project)	Investor signatory Supporter of Non-Disclosure Campaign Supporter of Science-Based Targets Campaign Supporter of Municipal Disclosure Campaign
Ceres	Investor Network member
Climate Action 100+	Investor signatory Member of Engagement Working Groups for specific issuers
European Leveraged Finance Association	Member Member of the Compliance Committee Member of the CLO Committee Member of the ESG Committee Member of the Leveraged Loan Committee
Farm Animal Investment Risk and Return (FAIRR)	Investor signatory
Institutional Investors Group on Climate Change (IIGCC)	Investor member Member of Bondholder Stewardship Working Group Member of UK Policy Working Group
International Capital Market Association (ICMA)	Member Member of AMIC Executive Committee Member of Green and Social Bond Sections Advisory Group Member of Impact Reporting Working Group Member of Transition Finance Working Group Member of Sustainability-Linked Bond Working Group
Investment Association	Member Member of Sustainable Investment Committee Member of Climate Change Working Group
Net Zero Asset Managers initiative <sup>31</sup>	Signatory
Partnership for Carbon Accounting Financials	Committed
Principles for Responsible Investment (PRI)	Founding signatory Supporting investor in the PRI Australia Sovereign Engagement Group
Taskforce on Nature-related Financial Disclosures (TNFD)	Member of the TNFD Forum
Transition Finance Council	Member of the Scaling Transition Finance Working Group Leading deep dive work on energy storage
Transition Pathway Initiative	Supporter
UK Sustainable Investment and Finance Association (UKSIF)	Member
UN Global Compact	Active participant
Valuing Water Finance Initiative	Investor signatory

<sup>30</sup> Membership of these initiatives, in some cases, may be assigned to a specific relevant Insight entity, rather than for Insight as a whole.

<sup>31</sup> Insight became a signatory to the original NZAM initiative in April 2021, with our net-zero ambition focusing on UK-managed sovereign and corporate bonds. In 2026, we confirmed our participation in the revised initiative through our UK-based holding company, Insight Investment Management Limited (IIML). We will publish details of our associated ambition in due course in line with the NZAM initiative's expectations for signatories.

## 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. We offer more detail in **Section 7**.

## COLLABORATION ON ISSUES FOR FIXED INCOME PORTFOLIOS

Insight may choose to engage in collaborative initiatives when they align with the principal asset classes in which we invest, are areas in which Insight can make a positive contribution through sharing expertise and knowledge, or we believe doing so will contribute 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 typically directly involved in each of these initiatives.

For example, in 2025, we were pleased to continue our participation 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.

### CASE STUDY: Understanding the Australian government's approach to climate change

**Background:** Insight is participating in a collaborative initiative focused on the Australian government's approach to climate change. In 2025, the group focused on Australia's net-zero and decarbonisation ambitions. The Australian Treasury and regulatory bodies continued to develop practical guidance on transition plans, focusing on disclosure and implementation rather than ambition. Fiscal constraints at both the federal and state levels influenced budget allocations for climate initiatives.

**Engagement:** The group engaged primarily with the Department of Climate Change, Energy, the Environment and Water, and the Treasury. Discussions shifted from green frameworks (a focus in 2024) to the ambition of Australia's Nationally Determined Contributions (NDCs) under the Paris Agreement, and to assessing whether these plans are investable and feasible in terms of implementation. The collaborative group also continued its role of coordinating sovereign and state-level engagement, as it looked to ensure infrastructure projects remained on schedule.

**Outcome:** Notable changes from the sovereign include updated net-zero ambitions in 2025: it introduced a 2035 climate change target at a reduction of between 62% to 70% on 2005 emissions<sup>32</sup>. It has also focused on practical issues including grid infrastructure progress, battery storage and renewables deployment.

In 2026, we expect engagement to focus on the investability of Australia's NDCs, and offering feedback on sector plans, policy and investment frameworks. We also anticipate engaging on the forthcoming National Adaptation Plan, and to conduct targeted coordination with sub-sovereign and regulatory working groups engaging with states. We expect lessons from the UK Transition Finance Council to inform these efforts.

<sup>32</sup> Source: [Setting Australia's 2035 climate change target](#), 18 September 2025, Prime Minister of Australia.

## 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 important 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 2025, we engaged with several companies that are included in the initiative’s focus list, both independently and as part of collaborative engagement working groups. An example of a collaborative engagement we supported through this initiative is 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 2025, we engaged the company several times, directly with the issuer. Over recent years, we have seen improvements in the company’s climate action governance and plans, delivered through its first sustainability report in 2024. We believe the progress 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, and continued our participation in 2025. This facilitated a call with a third-party organisation, which presented research on the issuer highlighting regression in their methane emissions performance. The findings showed a lack of disclosure on methane progress, capex allocation and a lack of evidence to suggest fundamental infrastructure upgrades had taken place to address methane emissions. It was also noted that the World Bank reports

global methane emissions and flaring intensities, which indicated that the issuer’s domestic country’s flaring intensity had increased over the last calendar year, which did not align to the issuer’s messaging. Subsequently, we engaged with the issuer to understand the discrepancies between the datasets. The company said differences in methodologies as the key reason behind these. The issuer also relayed internal discussions around joining OGMP 2.0. We encouraged the issuer to develop an improved emissions inventory, which OGMP 2.0 can support and guide.

The issuer acknowledged our comments, and that they would be shared with technical teams and senior leadership. We expect further communication regarding how the company intends to approach disclosures going forward and clarity on the projects that will be financed to address methane emissions. As part of the collaborative initiative, the third party organisation stressed that despite its uncertainties, the World Bank flaring data is an independent, high integrity, empirically based tool and should be considered by stakeholders.

- **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 Working Group. As part of this, we contributed to the paper ‘Principles for developing sector decarbonisation roadmaps - the investor perspective for policymakers’ which builds on the recommendation to develop sectoral pathways and supportive policy frameworks.

**Outcome:** In 2025, Insight contributed to the paper ‘Net Zero Bondholder Stewardship: Summary Guidance’, building on the full guidance which was published in 2023<sup>33</sup>. Insight also contributed to the IIGCC position paper outlining investor perspectives on transition finance<sup>34</sup>.

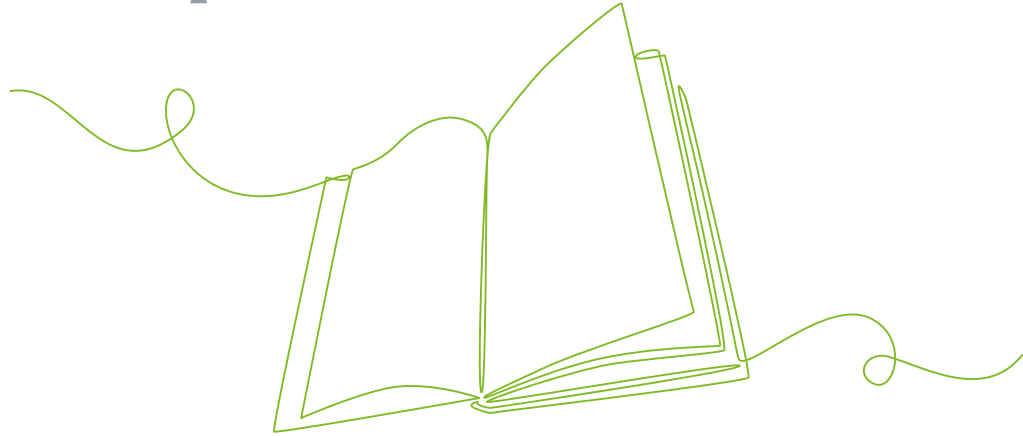
- **Investment Association:** Insight is an active participant in the Investment Association’s quarterly climate change working group, which discusses climate policy, regulatory and market developments, and implications for our clients.



<sup>33</sup> [Net Zero Bondholder Stewardship: The Potential for Unlabelled Debt](#), 23 September 2024, IIGCC.

<sup>34</sup> [From concept to capital flows: The investor perspective on transition finance](#), 19 September 2024, IIGCC.

# 9 Exercising rights and responsibilities



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

### Overview

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#### Key statements

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- Context**
- In 2025, 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.
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- Activity and outcomes**
- We provide information of our equity voting activity in 2025. Our voting record is available [here](#).
  - Insight voted against management recommendations 13 times in 2025.
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## 9.1 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 to and its voting record publicly on our website. Insight takes a global approach to exercising its rights and responsibilities.

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, though we continue to manage a limited amount of equity holdings via our multi-asset investment strategies. As a result, we have maintained our Proxy Voting Group and governance structure to ensure we continue to exercise our rights and responsibilities appropriately. For some mandates, client instruct Insight on how to vote.

### 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. These include:

**Leadership: Every company should be led by an effective board whose approach is consistent with creating sustainable long-term growth.**

- **Strategy:** Company leadership should define a clear purpose and set long term objectives for delivering value to shareholders.
- **Culture:** The board should promote a diverse and inclusive culture which strongly aligns to the values of the company. It should seek to monitor culture and ensure that it is regularly engaging with its workforce.
- **Engagement with Shareholders:** The board and senior management should be transparent and engaged with existing shareholders. The board should have a clear understanding of the views of shareholders. The board should seek to minimise unnecessary dilution of equity and preserve the rights of existing shareholders.
- **Sustainability:** The board should aim to take account of environmental, social and governance risks and opportunities when setting strategy and in their company monitoring role.

**Structure: The board should have clear division of responsibilities.**

- **The Chair:** The independent Chair, or Lead Independent Director, of the board should demonstrate objective judgment and promote transparency and facilitate constructive debate to promote overall effectiveness.
- **The Board:** There should be an appropriate balance of executive and non-executive directors. Non-executive directors should be evaluated for independence. No one individual should have unfettered decision-making powers. There should be a clear division of responsibilities, between the independent board members and the executive leadership of the company.
- **Resources:** The board should ensure it has sufficient governance policies, influence and resources to function effectively. Non-executive directors should have sufficient time to fulfil their obligations to the company as directors.

**Effectiveness: The board should seek to build strong institutional knowledge to ensure long term efficient and sustainable operations.**

- **Appointment:** There should be a formal appointment process, which ensures that the most qualified individuals are selected for the board. This process should be irrespective of bias to ensure appropriate diversity of the board.
- **Knowledge:** The board should be comprised of those with the knowledge, skills and experience to effectively discharge their duties. The board should have sufficient independence to serve as an effective check on company management and ensure the best outcomes for shareholders.
- **Evaluation:** The board should be evaluated for effectiveness on a regular basis. Board member's contributions should be considered individually.

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

- **Integrity:** The board should ensure that all reports produced accurately reflect the financial position, prospects and risks relevant to the company. The board should ensure the independence and effectiveness of internal and external audit functions.
- **Audit:** The board should ensure that clear, uncontentious accounts are produced. These should conform to the relevant best accountancy practices and accurately represent the financial position of the company. Deviations

from standard accounting practices should be clearly documented with a corresponding rationale.

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

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

- **Goal Based:** The board should base remuneration on goal-based, qualitative, discretionary cash incentives. Remuneration should consider underlying industry and macroeconomic conditions and not be structured in a tax-oriented manner.
- **Transparent:** Remuneration arrangements should be transparent and should avoid complexity.
- **Sustainable:** Remuneration should not be excessively share based and should be accurately represented and controlled as an operational cost. The remuneration of executives should promote long term focus and respect the interests of existing shareholders.

## PROXY ADVISERS

To assist Insight professionals with implementing its proxy voting strategy, Insight retains the services of independent proxy voting services (the 'Voting Agent'). 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.

## PROXY VOTING GOVERNANCE

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 ensuring that votes casted are in the best interest of clients, the PVG will oversee the following proxy voting activities:

1. Casting votes on behalf of clients;
2. Voting Policy: Oversee and set the Proxy Voting Policy;
3. Voting Guidelines: Oversee and set the Voting Guidelines which are reviewed and approved on an annual basis;
4. Stewardship report and Stewardship Policy: Review for consistency with Proxy Voting Policy and Voting Guidelines;
5. Conflicts of interest: Manage conflicts when making voting instructions in line with Insight's Conflicts of Interest Policy;
6. Resolution Assessment: Review upcoming votes that cannot be made using Voting Guidelines and make voting decisions;
7. Voting Agent: Appoint and monitor third-party proxy agencies, including the services they perform for Insight in implementing its voting strategy; and
8. Reporting: Ensure voting activity aligns with local regulations and standards.

The PVG is chaired by a Responsible Investment Stewardship Lead (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 quarterly by the PVG. This includes monitoring of voting activity and whether all ballots are processed correctly.

Insight's voting decisions are communicated to Minerva and submitted to shareholder meetings through a specific proxy. Insight's operations team ensures that every time a voting submission is required, this is communicated to front office teams. The operations team will apply voting recommendations directly into Minerva's online portal. Insight cast its vote on over 600 resolutions for 44 companies in 2025.

### Policy on clients directing voting

Unless a client retains voting powers, as set out in their client agreement, clients are unable to vote directly or override a house policy.

## STOCK LENDING

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

## 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.

In the event where an issuer is seeking to make a significant change (for example, if a covenant waiver is sought) we will be asked to vote on the proposals. Any issuer that has negotiated a covenant waiver is added to an internal watchlist, which provides for increased scrutiny and oversight. In most instances, a credit analyst would have first met with the issuer to understand the nature of the proposal. The benefits and risks of the proposal are considered and debated by a group of senior analysts and portfolio managers at a regular watchlist meeting. This can result in further dialogue with the issuer, as a means of trying to re-shape the proposal, to vote in favour or sometimes, to vote against.

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 our thoughts on language. This mostly takes place outside an issuer-specific context. However, there are examples where our influence can be significant.

## 9.2 ACTIVITY AND OUTCOMES

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

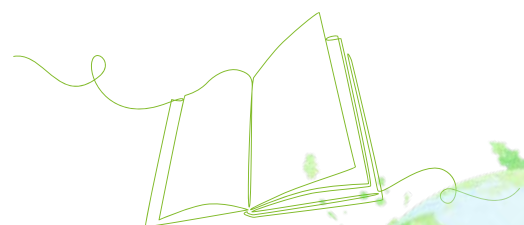
Insight's equity voting record is available [here](#). Voting activity across Insight is outlined below.

Table 2: Insight Investment voting on management resolutions in 2025

	Abstain	Against	For	Grand Total
Appropriate Profits	4		1	5
Auditor - Discharge			1	1
Auditor - Election	15		25	40
Auditor - Remuneration			13	13
Board Size & Structure	2		1	3
Bonds & Debt	1			1
Capital Structure			1	1
Corporate Governance	1			1
Directors - Discharge	39	1	34	74
Directors - Elect	30	2	96	128
Dividends	9		26	35
General Meeting Procedures	3		8	11
Investment Trusts & Funds		2		2
Issue of Shares & Pre-emption Rights	13	1	54	68
Meeting Formalities	16		11	27
Other		1		1
Other Articles of Association	13		14	27
Other Corporate Action	1		2	3
Remuneration - Amount (Total, Collective)	1		1	2
Remuneration - Amount (Total, Individual)			14	14
Remuneration - Non-executive	3		2	5
Remuneration - Policy (Long-term Incentives)	3			3
Remuneration - Policy (Overall)	7	3	25	35
Remuneration - Policy (Short-term Incentives)			1	1
Remuneration - Report	15	1	20	36
Report & Accounts	11		27	38
Share Buybacks & Return of Capital	9		24	33
Sustainability Reporting	2			2
Transactions - Related Party			6	6
Transactions - Significant	2	2	6	10
Treasury Shares	6		8	14
<b>Total</b>	<b>206</b>	<b>13</b>	<b>421</b>	<b>640</b>

### VOTING DECISION

In instances where Insight votes against management recommendations we will disclose our voting decision. In any instances where there is a contentious vote that is conflicted, votes are handled under the PVG's escalation process. More details of the PVG are provided in **Section 2**.



# 10 Monitoring service providers



Insight monitors and holds to account service providers.

## Overview

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### Key statements

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- Activity**
- Insight follows a BNY Enterprise Sourcing Framework 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 sustainability criteria applied to service providers are provided in **Section 6**.

- Outcome**
- Insight's service providers support Insight in fulfilling its stewardship responsibilities in respect of client's investments.
  - We outline our governance and processes for monitoring ESG service providers.
- Insight uses around 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 167 are classified as moderate or higher risk. Insight takes a risk-based approach to overseeing and managing third-party products and/or services.
-

# 10.1 HOW WE MONITOR OUR SERVICE PROVIDERS

## BNY'S ENTERPRISE SOURCING FRAMEWORK POLICY

Insight follows BNY's Enterprise Sourcing Framework 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:

- Third-party 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.

- **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 (RMG).
- **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:

- Oversee compliance and execute BNY's Enterprise Sourcing Framework Policy 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
- 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, software and cloud providers
- 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 sustainability criteria for service providers are provided in **Section 6**.

## 10.2 DEVELOPMENTS IN 2025

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 2025

- In 2025, 81 new vendors were onboarded by Insight.
- In 2025, 166 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.

### 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 2**) 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.

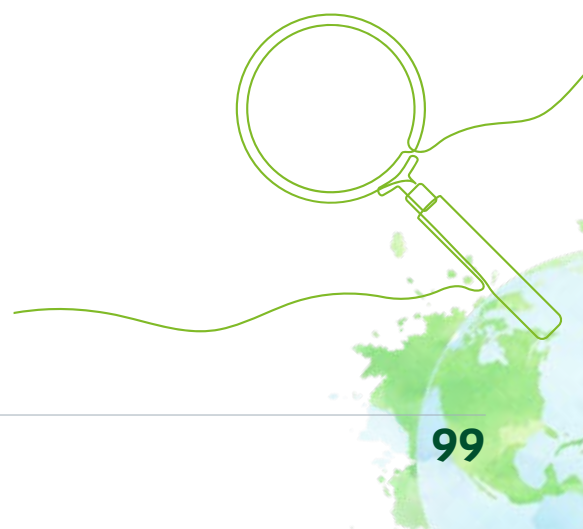
We have chosen these providers based on the extent to which their methodology supports our needs. Two groups within Insight review providers:

- Appropriate Data Stewards across all data sources shall consider 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 relevant Data Steward and RIG have approved the use of an ESG data provider, the proposal is reviewed and approved by IROC.

### 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 9** 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.



# Appendices



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# APPENDIX I INSIGHT'S RESPONSIBLE INVESTMENT POLICIES

## RESPONSIBLE INVESTMENT POLICY

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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

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### 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](http://www.insightinvestment.com)).

Key terms in this document are defined in our ESG and responsible investment glossary, available [here](#).

## WEAPONS POLICY

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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.

# APPENDIX II CONFLICTS OF INTEREST POLICY SUMMARY

## 1. INTRODUCTION

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This Policy details the potential conflicts of interest arising for the following Insight firms (referred to as Insight throughout this document):

- Insight Investment Management (Global) Limited (IIM(G)): Investment Manager;
- Insight Investment International Limited (IIL): Investment Manager;
- Insight North America LLC (INA): Investment Manager, US domiciled;
- Insight Investment Management (Europe) Limited (IIM(E)): Management Company, Ireland domiciled; and
- Insight Australia Pty Limited: Marketing and client servicing, Australia domiciled.

Insight must not place its own interests unfairly above those of its customers. During the course of IIM(G), IIL's and INA's investment management/fiduciary management activities and IIMEL's role as Management Company, 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 Insight Code of Conduct.**

In relation to IIMEL, in the course of performing its duties, conflicts of interest may arise between IIMEL, the Company, the Shareholders and the Depositary.

Where such conflicts of interests cannot be avoided IIMEL and the relevant 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 entities registered in the US, disclosure is mandatory via the relevant annual ADV submission to the SEC.

## 2. REGULATORY REQUIREMENTS

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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.

Various Regulators (including FCA's Principles for Business, Central Bank of Ireland and Securities and Exchange Commission Rules) require firms to identify and manage 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.

The firm must maintain and operate effective organisational and administrative arrangements and to take all appropriate steps to prevent or manage conflicts of interest from adversely affecting the interests of its clients. If the arrangements made by the firm are not sufficient to ensure, with reasonable confidence, that risks of damage to the interest of a client will be prevented, the firm must clearly disclose this to the client.

As a result of the ESG regulatory framework implemented across various jurisdictions, regulators also require firms to consider conflicts of interest that may arise as a result of the integration of sustainability risks in the management of client portfolios.

### 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 IIL 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, 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 all of its customers, for example the trading aggregation and allocation procedures seek to ensure the fair treatment of all clients. **All clients should be treated fairly;** and
- Insight is a separate asset manager within the BNY 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 Information Barriers 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.

### 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 IIMEL the Scheme Prospectus document makes reference to specific conflicts in relation to the pooled fund business. For IIL and INA the US related conflicts are disclosed via the SEC ADV filing.

Potential Conflict Scenario	Procedures to prevent material risk to clients
<p><b>One client/portfolio versus another client /portfolio</b></p> <p>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 insight affiliated entities.</p> <p>For example, in managing portfolios where aggregated dealing activities consistently favour certain clients over others.</p>	<p>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.</p> <p>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, EU MIFID requirements, SEC and NFA rules.</p>

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### Group and Affiliates

There is a potential conflict that arises from Insight being part of the BNY Group which has a number of affiliated investment management entities.

For example, IIMEL may appoint Insight group entities to provide services such as Investment Management.

Insight operates as a standalone asset manager within the BNY 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 Information Barriers, 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 BNY 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.

All dealings in parent company shares are restricted and only conducted in line with agreed thresholds. IIMEL undertakes oversight and monitoring of other group entities it delegates investment management and distribution to. It is clearly disclosed in all fund documentation that investment management is delegated to other Insight entities and the fees charged are also disclosed.

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### 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 are 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 a specific Vendor Management Steering Committee.

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### 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 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 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 in place to manage this potential conflict. 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 employees are also required to undertake Anti-Bribery and Corruption training periodically.

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.

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## 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 required to adhere to the 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.

All staff have to disclose and seek pre-approval for relevant external interests such as directorships/partnerships in external companies. Where approval is granted, additional controls to effectively manage potential conflicts may also be recommended.

Insight has comprehensive personal account dealing procedures, derived from the BNY Personal Securities Trading Policy, that require individuals to obtain pre-approval prior to undertaking a trade on their own account with controls in place for reviewing trades against the firm's trading for clients.

The Personal Securities Trading Policy also extends to the employees' household.

Insight operates a Staff Remuneration and Performance Management Policy in line with regulatory 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.

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## 5. CONCLUSION

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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 Group. Any queries relating to conflicts of interest should be discussed with the Compliance Team.

# APPENDIX III LIST OF ABBREVIATIONS

Here we offer a list of selected abbreviations used throughout this report.

<b>ABS</b>	Asset-backed securities	<b>LEED</b>	Leadership in Energy and Environmental Design
<b>AMIC</b>	Asset Management and Investors Council (ICMA)	<b>LGX</b>	Luxembourg Green Exchange
<b>ASCOR</b>	Assessing Sovereign Climate Opportunities and Risk	<b>MGP</b>	Methane Guiding Principles
<b>ASG</b>	Advocacy Strategy Group	<b>NDCs</b>	Nationally Determined Contributions
<b>ATE</b>	Additional termination events	<b>ND GAIN</b>	Notre Dame Global Adaptation Initiative
<b>AUM</b>	Assets under management	<b>NFA</b>	National Futures Association
<b>BoE</b>	Bank of England	<b>NGFS</b>	Network for Greening the Financial System
<b>BREEAM</b>	Building Research Establishment Environmental Assessment Method	<b>NIST</b>	National Institute of Standards and Technology
<b>CA100+</b>	Climate Action 100+	<b>NZAM</b>	Net Zero Asset Managers initiative
<b>CBI</b>	Central Bank of Ireland	<b>NZBA</b>	Net Zero Banking Alliance
<b>CCC</b>	Counterparty Credit Committee	<b>OGCI</b>	Oil and Gas Climate Initiative
<b>CCUS</b>	Carbon capture, utilisation, and storage	<b>OGMP 2.0</b>	Oil & Gas Methane Partnership 2.0
<b>CDP</b>	Carbon Disclosure Project (formerly) / CDP (as referenced)	<b>PAB</b>	Paris Aligned Benchmark
<b>CDS</b>	Credit default swap	<b>PAI</b>	Principal Adverse Indicator
<b>CLO</b>	Collateralised loan obligation	<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>CRIF</b>	Climate Risk Investment Framework	<b>PLSA</b>	Pensions and Lifetime Savings Association
<b>CSWG</b>	Corporate Sustainability Working Group	<b>PPGA</b>	Public Policy and Government Affairs
<b>DEFRA</b>	Department for Environment Food and Rural Affairs	<b>PRA</b>	Prudential Regulation Authority
<b>DESNZ</b>	Department for Energy Security and Net Zero	<b>PRI</b>	Principles for Responsible Investment
<b>DMO</b>	Debt Management Office	<b>PUE</b>	Power usage effectiveness
<b>DORA</b>	Digital Operational Resilience Act	<b>PVG</b>	Proxy Voting Group
<b>ELFA</b>	European Leveraged Finance Association	<b>REG</b>	Ratings and Exclusions Group
<b>EMC</b>	Executive Management Committee	<b>REN21</b>	Renewable Energy Policy Network for the 21st Century
<b>EMIR</b>	European Market Infrastructure Regulation	<b>RIG</b>	Responsible Investment Group
<b>EPC</b>	Energy Performance Certificate	<b>RMBS</b>	Residential mortgage-backed security
<b>ESG</b>	Environmental, social and governance	<b>RMG</b>	Risk Management Group
<b>ESMA</b>	European Securities and Market Authority	<b>SBTI</b>	Science-Based Targets initiative
<b>FAIRR</b>	Farm Animal Investment Risk and Return	<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>FCA</b>	Financial Conduct Authority	<b>SEC</b>	Securities and Exchange Commission
<b>FRC</b>	Financial Reporting Council	<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>GFANZ</b>	Glasgow Financial Alliance for Net Zero	<b>SONIA</b>	Sterling Overnight Index Average
<b>IA</b>	Investment Association	<b>SPV</b>	Special purpose vehicle
<b>IASB</b>	International Accounting Standards Board	<b>SRS</b>	Sustainability Reporting Standard for Social Housing
<b>ICMA</b>	International Capital Market Association	<b>SYSC</b>	(FCA) Systems and Controls rules
<b>ICSWG</b>	Investment Consultants Sustainability Working Group	<b>TCF</b>	Treating Customers Fairly (as used in a securitised-credit context)
<b>ICE</b>	Intercontinental Exchange	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>IIGCC</b>	Institutional Investors Group on Climate Change	<b>TNFD</b>	Taskforce on Nature-related Financial Disclosures
<b>IIA</b>	Institute of Internal Auditors	<b>TPI</b>	Transition Pathway Initiative
<b>IROC</b>	Insight Responsibility Oversight Committee	<b>UNGPs</b>	UN Guiding Principles on Business and Human Rights
<b>LDAR</b>	Leak detection and repair	<b>UKSIF</b>	UK Sustainable Investment and Finance Association
<b>LDI</b>	Liability-driven investment	<b>WUE</b>	Water usage effectiveness

## IMPORTANT INFORMATION

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### RISK DISCLOSURES

**Investment in any strategy involves a risk of loss which may partly be due to 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

#### Responsible investment

- **Investment type:** The application and overall influence of responsible investment 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 risk factors which may be applied and responsible investment related industry practices applicable in a particular investable universe.
- **Integration:** The integration of ESG analysis 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 analysis in this way will not typically restrict the potential investable universe, but rather aims to ensure that 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 a specific ESG or sustainability objective, 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 stewardship 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 responsible investment approach including any ESG analysis shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.
- **Performance/quality:** The influence of our responsible investment approach 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 risk factors and analysis 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 organisations, 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 customised sustainability, climate or responsible investment related guidelines to mandates which can be tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific guidelines 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) or the latest Report and Accounts which can be found at [www.insightinvestment.com](http://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**

Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.

The issuer of a debt security may not pay income or repay capital to the bondholder when due. The return risk to a portfolio is higher where a portfolio is highly concentrated in such an issuer.

The investment manager may invest in instruments which can be difficult to sell when markets are stressed.

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 impact on the portfolio.

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.

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 high yield assets are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.

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.

The specific collateral used to secure a loan may decline in value or become illiquid, which would adversely affect the loan's value. Also, many loans are not actively traded, which may impair the ability of the portfolio to realise full value in the event of the need to liquidate such assets.

Leveraged funds: as a result of market conditions, the value of the assets held by a Fund may fall and result in a higher degree of leverage than is deemed appropriate by the Investment Manager. In order to reduce the degree of leverage, the Investment Manager may seek to reduce a Funds' total asset exposure. Investors would need to subscribe for additional Shares in order to maintain the level of sensitivity to market movements. Where such an event is unanticipated, this may result in the investors having less sensitivity to market movements than they might consider appropriate to their individual requirements until they have subscribed for additional Shares.

Money market funds: 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. 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. 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). 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.

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.

Leveraged funds: as a result of market conditions, the value of the assets held by a Fund may fall and result in a higher degree of leverage than is deemed appropriate by the Investment Manager. In order to reduce the degree of leverage, the Investment Manager may seek to reduce a Funds' total asset exposure. Investors would need to subscribe for additional Shares in order to maintain the level of sensitivity to market movements. Where such an event is unanticipated, this may result in the investors having less sensitivity to market movements than they might consider appropriate to their individual requirements until they have subscribed for additional Shares.

## 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.

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. The return risk to a portfolio is higher where a portfolio is highly concentrated in such an issuer.

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