

Item 1 – Cover Page

# Hartford Funds Management Company, LLC

**690 Lee Road  
Wayne, PA 19087**

## Form ADV Part 2A

[hartfordfunds.com](http://hartfordfunds.com)

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This Brochure provides information about the qualifications and business practices of Hartford Funds Management Company, LLC (“HFMC”). If you have any questions about the contents of this Brochure, please contact Nancy Davis Scholz at 610-386-7374 or by email at: [nancy.scholz@hartfordfunds.com](mailto:nancy.scholz@hartfordfunds.com).

HFMC is registered as an investment adviser (“Adviser”) with the Securities and Exchange Commission (“SEC”). Registration does not imply a certain level of skill or training.

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about HFMC will also be available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This item only identifies and discusses material changes to Form ADV Part 2A. HFMC is required to disclose material changes to its organization or investment business since its last update. There have been no material updates since its last update in March 2024.

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## Item 4 – Advisory Business

HFMC is registered with the SEC as an investment adviser and with the CFTC as a commodity pool operator. HFMC is an indirect subsidiary of The Hartford Insurance Group, Inc. (“The Hartford”), a publicly traded financial services company based in Connecticut.

HFMC provides discretionary investment advisory services to SEC- registered open-end investment companies, including mutual funds and exchange traded funds and a closed end, tender offer fund (collectively, “Hartford Funds” and each series of which is a “Hartford Fund”)<sup>1</sup> and Cayman Islands private funds for which HFMC serves as general partner.<sup>2</sup>

HFMC is also the program manager (the “Program Manager”) to The Hartford Smart529 College Savings Plan, the SMART529 Select College Savings Plan and SMART529 WV Direct College Savings Plan (together, the “529 Plans”). As Program Manager, HFMC and/or its affiliates provides provide certain services to the 529 Plans. In addition, HFMC provides non-discretionary investment advisory services to the 529 Plans. The 529 Plans offer portfolios that are investment options for the 529 Plans (each a “529 Portfolio”); the 529 Portfolios invest in one or more mutual funds, including certain Hartford Funds. Certain 529 Portfolios also invest in Hartford exchange traded funds and one unaffiliated separate account pooled investment vehicle.

HFMC is the parent of Lattice Strategies LLC (“Lattice”), a registered SEC investment adviser. Lattice is the investment adviser to multi-factor exchange traded funds. Employees perform services on behalf of both HFMC and Lattice.

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<sup>1</sup> The Hartford Mutual Funds, Inc., The Hartford Mutual Funds II, Inc., and Hartford Series Fund, Inc. are combined to form “Hartford Mutual Funds”. Hartford Funds Exchange-Traded Trust may be referred to as “Hartford Exchange Traded Funds” or “Hartford ETFs”. Collectively, Hartford Mutual Funds, Hartford Schrodgers Private Opportunities Fund and Hartford ETFs are referred to as “Hartford Funds”.

<sup>2</sup> The Cayman Funds are wholly-owned subsidiaries of certain Hartford Funds and are not offered to the public. The sole purpose of the Cayman Funds is to gain exposure to commodity-linked instruments.

HFMC generally provides investment advisory services to its mutual funds and exchange traded funds through use of a manager of managers or sub-advisory structure. HFMC is responsible for the management of the Hartford Funds and supervises the activities of the investment sub-advisers as well as provides administrative services including, among other services, compliance, legal, governance and other activities required by Hartford Funds. HFMC makes day to day investment allocation decisions for its asset allocation funds, ("Hartford Funds of Funds") which invest in shares of other Hartford Funds.

Investment advisory and administrative services are tailored to each Hartford Fund based on the investment objectives and strategies disclosed in its prospectus or, to each 529 Plan, in accordance with the requirements of a 529 Plan's offering statement.

HFMC also offers non-discretionary security recommendations in the form of model portfolios through its participation in separately managed account programs or unified managed accounts ("Programs") that are sponsored by non-affiliated investment advisers ("Program Sponsors"). HFMC does not sponsor a wrap fee program and does not actively manage accounts in wrap fee programs sponsored by others. The Program Sponsors provide brokerage execution, custody and account administrative services for a single fee. HFMC's model portfolios provided to these Program Sponsors are referred to as "Model Portfolio Strategies".

For these Model Portfolio Strategies, HFMC may rely solely upon security recommendations from non-affiliated registered investment advisers ("Non-Affiliated Model Providers"). Non-Affiliated Model Providers also serve as sub-advisers to registered investment companies sponsored by HFMC for which HFMC serves as investment manager.

In connection with HFMC's Model Portfolio Strategy offerings, HFMC provides to a Program Sponsor a model securities portfolio for a particular investment strategy. Based on the model portfolio, the Program Sponsor exercises investment discretion and executes transactions on behalf of the Program Sponsor's clients based on the Program Sponsor's discretionary authority.

HFMC provides investment management services in connection with its Model Portfolio

Strategies that differ from the investment advisory services it furnishes to the Funds and the 529 Plan. For example, the Funds employ investment strategies and techniques and invest in securities that may not be used in connection with the Model Portfolio Strategies.

In particular, the Model Portfolio Strategies generally:

- Limit eligible investments to publicly traded securities and do not invest in private placements, other illiquid securities, restricted securities or other securities that are not freely or frequently traded;
- Do not use derivatives or other complex investments for hedging or other portfolio management purposes;
- Do not participate in initial public offerings or secondary offerings;
- Have lower trade frequency as compared to the Funds, which typically have daily subscription and redemption activity; and
- Have fewer security holdings, than the Funds even though the Model Portfolio Strategy may utilize security recommendations from the same investment team using similar investment strategies and /or techniques.

In addition, and separate from the above noted Model Portfolio Strategies, HFMC constructs model portfolios (“Asset Allocation Model Portfolios”) based upon the discussions and feedback from its Asset Allocation Committee (“Committee”). Unlike the Model Portfolio Strategies that invest directly in equity securities, the Asset Allocation Model Portfolios invest in only mutual funds and exchange traded funds. The Committee is comprised of members of HFMC’s Multi-Asset Solutions Team (“MAS Team”) and members of HFMC’s Investment Advisory Group’s Manager Research Team, (“IAG or Manager Research”) along with members from two non-affiliated investment advisers, Wellington Management Company LLP (“Wellington Management”) and Schroders Investment Management North America, Inc. (“Schroders”). The MAS Team leverages the in-depth research of Wellington and Schroders, and the collaborative Committee process, to construct the Hartford Funds Model Portfolios that include Hartford mutual funds and exchange traded funds, as well as unaffiliated mutual funds and exchange traded funds. The Asset Allocation Model Portfolios are not publicly available and are intended and available for Program Sponsors as described above.

As of December 31, 2024, HFMC managed \$136.1 billion on a discretionary basis and \$1.7 on a non-discretionary basis. A portion of the discretionary assets includes \$1.3 billion invested by HFMC in Hartford mutual and exchange traded funds through The Hartford SMART529 Plan. HFMC provides services to The Hartford SMART529 Plan and invests the Plan assets in certain Hartford funds upon approval of the Board of Trustees of the West Virginia College and Jumpstart Savings Programs.

## **Item 5 – Fees and Compensation**

### **Advisory Fees**

**Hartford Funds:** HFMC receives fees for its services to Hartford Funds including among others, investment management and administrative services. These fees are negotiated and approved by the Hartford Funds' Board of Directors / Trustees (the "Board") initially for two years and subsequently subject to re-approval at least annually thereafter. Advisory fees for each Hartford Fund are generally based on a stated percentage of the Fund's average daily net assets. This stated percentage is subject to an expense waiver and or reimbursement arrangement for that Hartford Fund, as subject and agreed upon by HFMC. Each Hartford Fund pays HFMC for its services on a monthly basis; fees are deducted directly from each Hartford Funds' custodian account. The current fee schedule for each Hartford Fund is disclosed in its SEC registration statement and at hartfordfunds.com.

Fees calculated for a period of time that are less than a month are calculated at the annual rates provided in the Hartford Funds' fee schedule. The fees are pro-rated for the number of days elapsed in the month in question as a percentage of the total number of days in such month, based upon the average of that Hartford Fund's daily net asset value for the period in question, and paid within a reasonable time after the close of such period.

**529 Plans:** HFMC receives the investment advisory fee for underlying Hartford Funds that are used in certain 529 Portfolios.

**Model Portfolio Strategies:** Advisory fees paid to HFMC for its Model Portfolio Strategies are agreed to between HFMC and the Program Sponsor.

**Asset Allocation Model Portfolios:** There are no advisory fees paid to HFMC for its Asset Allocation Model Portfolios; however, HFMC receives the advisory fees for the underlying Hartford Funds that are used within these models.

### **Other Fees**

In connection with services provided, HFMC may also receive fees from investment managers/distributors to unaffiliated funds offered in the 529 Plans. HFMC receives a Plan Manager fee for services it performs with respect to the 529 Plans as disclosed in the 529 Plans' current offering statement, which are generally based on stated percentage of the 529 Portfolio's average daily assets.

Shareholders of the Funds may incur other fees and expenses imposed by their financial intermediary. HFMC does not receive a portion of these fees or expenses. For certain retirement and Coverdell accounts, HFMC receives an annual account maintenance fee and a portion of the custodial fees associated with these accounts.

Clients of Program Sponsors may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on transactions. Such charges, fees and commissions are separate from HFMC's advisory fee.

HFMC does not enter into solicitation arrangements on behalf of the Hartford Funds.

HFMC has entered into a solicitation agreement with Schroders, pursuant to which Schroders has engaged HFMC to refer, offer and provide marketing support services with respect to certain Schroders strategies that are offered through separately-managed account or unified managed account platforms. HFMC is entitled to receive 15 basis points on total new assets invested in the Schroders International EAFE ADR Strategy as measured at the end of each quarter. In addition, HFMC is entitled to receive an annual fee of 8 basis points on certain "aged assets" that remain invested for more than one year calculated as 2 basis points on the



amount of aged assets at quarter end and will be paid within 30 days of the end of each calendar quarter. For all other Schroders' strategies, HFMC is entitled to receive 35% of the total management fee received by Schroders.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

HFMC does not charge any performance fees. Consequently, HFMC does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee.

#### **Item 7 – Types of Clients**

HFMC does not provide individual investment advice to retail or institutional accounts.

HFMC's investment advisory business consists primarily of serving as the investment manager to Hartford Funds. HFMC also provides various services to the 529 Portfolios as Program Manager to the 529 Plans. With the exception of the Hartford Funds of Funds, HFMC retains and is responsible for overseeing the sub-advisers to the Hartford Mutual Funds and Exchange Traded Funds (for a discussion of HFMC's advisory business *see Item 4.*).

Each of the Hartford Funds and each of the 529 Plans independently impose a minimum account amount on shareholder investment into the Funds. In addition, contract holders or qualified employee benefit plan investors that indirectly invest in certain Hartford Funds are subject to account or investment minimums based upon the contract or plan.

HFMC provides non-discretionary security recommendations through Model Portfolio Strategies and the Asset Allocation Model Portfolios to Program Sponsors. HFMC does not provide individual investment advice to the clients of Program Sponsors. For these offerings, account minimums are established by the Program Sponsor, as agreed upon by HFMC.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

With respect to the Hartford Funds, HFMC hires and is responsible for managing the sub-advisers that provide day to day portfolio management services (which also include asset allocation decisions) for each Hartford Fund that uses a sub-adviser. HFMC also provides investment advisory and administrative services to certain 529 Plans.

HFMC employs a comprehensive manager evaluation and selection process to identify which investment strategies it believes are best suited for inclusion in its product offerings using both quantitative and qualitative methods. People, Process and Performance (see below) are evaluated by the Manager Research Team and ultimately by the Investment Committee of the Hartford Funds’ Board of Directors/Trustees when a new fund is proposed and launched. HFMC seeks investment strategies that are managed by portfolio managers or investment teams that utilize an articulated investment process and understandable investment philosophy with appropriate risk-adjusted results. The Manager Research Team seeks to give each of People, Process and Performance equal weight in its decision-making process to select, retain or replace an investment professional(s) for any strategy.

Listed in the table below is a summary of some of the quantitative and qualitative factors that are evaluated within the investment selection and monitoring process.

<b><i>People – Qualitative</i></b>	<b><i>Process – Qualitative</i></b>	<b><i>Performance – Quantitative</i></b>
<ul style="list-style-type: none"> <li>• Size and depth of organization</li> <li>• Ownership Structure</li> <li>• Compensation</li> <li>• Regulatory/Reputation</li> <li>• Compliance monitoring</li> <li>• Product asset growth</li> <li>• Investment Team and Resources</li> <li>• Tenure/experience</li> <li>• Turnover</li> <li>• Portfolio Knowledge</li> <li>• Work environment</li> <li>• Believability/enthusiasm</li> </ul>	<ul style="list-style-type: none"> <li>• Investment philosophy</li> <li>• Investment approach</li> <li>• Buy/sell decisions</li> <li>• Evolution of process</li> <li>• Depth of Fundamental Research</li> <li>• Selection v. sector bets</li> <li>• Style consistency (performance, style and process)</li> <li>• Diversification/Concentration</li> <li>• Risk Metrics &amp; Controls</li> <li>• Holdings Analysis</li> <li>• Environmental, Social, Governance (ESG) integration</li> </ul>	<ul style="list-style-type: none"> <li>• Trailing &amp; Periodic Returns</li> <li>• Peer and Benchmark Relative Results</li> <li>• Yield Analysis</li> <li>• Return patterns (yearly, quarterly)</li> <li>• Risk (Beta)</li> <li>• Absolute Volatility (Std Deviation)</li> <li>• Excess return (Alpha)</li> <li>• Risk-adjusted returns (Sharpe)</li> <li>• Information Ratio</li> <li>• Batting Average</li> <li>• Upside/downside capture</li> <li>• Morningstar Rating</li> <li>• Returns Based Analysis</li> <li>• Performance Consistency</li> <li>• Alternative fund objectives</li> </ul>

With respect to 529 Plans, HFMC utilizes similar metrics to recommend Hartford Funds and non-Hartford Funds as underlying investments for the 529 Portfolios in the 529 Plans for which HFMC serves as investment manager, subject to review and approval by the State's Board of Trustees to the 529 Plans and independent consultant to the 529 Plans.

For its Model Portfolio Strategies, HFMC utilizes the services of Non-Affiliated Model Providers to develop investment strategies and provide security recommendations for the strategies. The Non-Affiliated Model Provider is compensated for its services based on a percentage of assets under advisement and held by the Program Sponsors. HFMC is responsible for overseeing the Non-Affiliated Model Providers, which also serve as sub-advisers to certain Hartford Funds.

For its Asset Allocation Model Portfolio Strategies, HFMC's Asset Allocation Committee is responsible for developing asset allocation models and providing underlying investment recommendations for each of these models. The Committee is comprised of members of HFMC, Wellington and Schroders. Neither Wellington nor Schroders is directly compensated for their role in the Committee. The Asset Allocation Model Portfolio Strategies utilize both proprietary and non-proprietary mutual funds and ETFs, including mutual fund and ETFs for which Wellington and Schroders serve as sub-advisers.

Investing in securities involves risk of loss. Additional information regarding risks and investment strategies for each of the Hartford Funds is available in each Hartford Fund's prospectus and statement of additional information ("SAI") or for the 529 Portfolios in the Offering Statement.

## **Item 9 – Disciplinary Information**

There are no legal events or proceedings or disciplinary events related to affiliates of HFMC, with respect to their business as either a registered investment adviser or insurance related businesses within the last 10 years.

## Item 10 – Other Financial Industry Activities and Affiliations

### Investment Advisers

HFMC is an affiliate of Hartford Investment Management Company (“HIMCO”), both indirect subsidiaries of The Hartford. HIMCO provides investment advisory services primarily to institutional clients (including affiliated and unaffiliated insurance companies, corporations and employee benefit and pension plans), as well as private funds. HIMCO has a separate management team and operates as a separate and distinct line of business from that of HFMC.

HFMC is the parent of Lattice Strategies LLC. Lattice serves as investment adviser to the multi-factor exchange traded funds. HFMC’s President, Chief Compliance Officer, Chief Financial Officer, Chief Investment Officer and General Counsel all serve in a similar capacity to Lattice Strategies LLC. Employees may perform services on behalf of both HFMC and Lattice.

Disclosures for both HIMCO and Lattice can be found in its respective Form ADV Part 2A.

### Affiliated Broker-Dealers

HFMC is affiliated with one registered broker-dealer, Hartford Funds Distributors, LLC (“HFD”). HFD serves as principal underwriter and distributor for HFMC’s mutual funds, closed-end fund and 529 Plans. HFD is registered with FINRA and the MSRB. HFMC does not execute client transactions through its affiliated broker-dealer. HFMC’s ETFs are distributed and underwritten through ALPS Fund Services, Inc., a non-affiliated broker-dealer. Certain Management Persons and employees are Registered Representatives of HFD.

HFD has also entered into solicitation arrangements with Wellington and Schroders, pursuant to which HFD offers and provides marketing support services with respect to certain investment strategies offered through collective investment trusts.

## **Commodity Pool Operator**

HFMC is registered with the CFTC as a commodity pool operator. Certain Management Persons are Associated Persons with the NFA.

## **Conflicts of Interest**

HFMC monitors for conflicts of interest in its investment advisory business with respect to the investment advisory services provided to the Hartford Funds, including the Hartford Funds of Funds, private funds, 529 Plans and to the Hartford Funds Model Portfolios. HFMC evaluates situations that give rise to potential conflicts and has adopted policies and procedures relating to personal securities transactions and insider trading that are designed to prevent or detect actual conflicts of interest. *(For a discussion on how HFMC monitors for conflicts of interest, see Item 11.)*

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

HFMC has adopted a written Code of Ethics and Insider Trading Policy (the “Code”) based upon the principle that the officers, directors, and employees of HFMC (all of which are designated persons “Access Persons”, “Investment Persons” or “Supervised Persons”) have a fiduciary duty to treat all clients fairly. HFMC has adopted and implemented policies and procedures that it believes are reasonably designed to address the conflicts associated with personal trading activities of Access Persons, prevent insider trading, and prevent the disclosure and misuse of its clients’ material nonpublic information.

Each employee of HFMC receives a copy of the Code upon employment and is required to complete initial training regarding the Code. Employees also are required to file a report of any reportable securities and or brokerage accounts held either directly or indirectly, as well as report personal securities transactions at least quarterly. Exceptions apply to accounts over which an employee does not have investment-discretion. On an annual basis each Access Person must certify compliance with the Code and complete annual training. Pursuant to the

Code, Access Persons must obtain prior written approval before purchasing initial public offerings and limited offerings or engaging in outside business activities. Individuals who have been designated as Investment Persons are subject to additional pre-clearance and holding requirements.

The Code also establishes policies and procedures to monitor Supervised Persons. Supervised Persons are individuals who do not, as part of their regular functions and duties with HFMC, make, participate in, or have information regarding the purchase or sale of securities by HFMC's clients, have access to non-public information about the portfolio holdings of the Hartford Funds or the 529 Portfolios, or make recommendations about securities or investments to HFMC's clients.

Each Supervised Person receives a copy of and training on the Code upon determination of his/her status as a Supervised Person and is required on an annual basis, to: 1) acknowledge receipt and certify compliance with the Code; and 2) certify that there have been no changes in his/her regular functions and duties in regard to HFMC's clients.

In addition, each sub-adviser to a Hartford Fund has also adopted its own Code of Ethics. HFMC reviews the adequacy of each sub-adviser's Code of Ethics and requires the sub-adviser to certify compliance with its Code of Ethics on a quarterly and annual basis. A copy of HFMC's Code can be obtained by contacting Nancy Davis Scholz at 610-386-7374 or by email at [nancy.scholz@hartfordfunds.com](mailto:nancy.scholz@hartfordfunds.com).

## **Item 12 – Brokerage Practices**

### **Broker Selection and Execution**

**Hartford Funds:** With the exception of the Hartford Funds of Funds, each Hartford Fund's sub-adviser is responsible for making determinations concerning the selection of brokers for the Hartford Fund's transactions and for assessing the reasonableness of the compensation charged, subject to the Hartford Funds' Commission Recapture Program, as applicable.

HFMC generally relies on the Funds' sub-advisers for broker selection and making other determinations concerning trade execution, including decisions regarding trade aggregation and rotation. Accordingly, a Fund's sub-adviser is responsible for determining whether to aggregate portfolio securities transactions executed on behalf of the Funds with other discretionary accounts managed by the sub-adviser and for determining the order in which the sub-adviser places trade orders for such portfolio securities transactions. Generally, sub-advisers determine in their sole discretion the order in which to place portfolio securities transactions for one or more groups of accounts based on the sub-adviser's policies and a number of factors, including liquidity and other market conditions, the type of security and transaction, the executing broker-dealer's commitment of capital, or anticipated market impact and confidentiality considerations. HFMC has adopted procedures to monitor sub-adviser trading and execution.

The Hartford Funds of Funds also invest in affiliated exchange traded funds. Trading in these securities is conducted by an internal trading desk. HFMC has adopted trading policies and procedures related to aggregation and allocation to ensure fair and equitable treatment across all accounts. The Best Execution Committee is responsible for the review and approval of new brokers, trade aggregation, allocation and best execution.

**529 Plans:** With respect to 529 Plans, which invest in shares of other Hartford mutual funds and exchange traded funds, non-Hartford mutual funds and a separate account, brokerage compensation is paid in connection with transactions in the ETFs that are traded through the internal trading desk, subject to the review and oversight by the Best Execution Committee.

**Model Portfolio Strategies and Asset Allocation Model Portfolios:** HFMC is not responsible for selecting brokers or executing any portfolio securities transactions for any accounts maintained by a Program Sponsor. HFMC has neither investment nor brokerage discretion for any accounts of the Program Sponsors to which HFMC provides non-discretionary security recommendations in connection with these offerings.

For its Model Portfolio Strategies, HFMC relies on Non-Affiliated Model Providers, which also act as sub-advisers to HFMC sponsored Funds, to make security recommendations. Although a non-affiliated Model Provider may use substantially similar investment processes to develop securities

recommendations for a Model Portfolio Strategy and Hartford Fund, the Model Provider's decision to recommend a portfolio securities transaction and related communication of such recommendations to HFMC in connection with a Model Portfolio Strategy is handled separately from the Model Provider's trading policies in its role as sub-adviser to certain Funds.

***Model Portfolio Strategies:*** Wellington Management Company LLP, the Model Provider, also acting in its capacity as sub-adviser to a similar Hartford Fund, will make investment recommendations for the Model Portfolio Strategy concurrently with the trading decisions for the similar Fund. At the time of the decision, the Model Provider may recommend similar trades for the Model Portfolio Strategy and the Fund, may recommend different trades for the Model Portfolio Strategy and the Fund, and / or may make a recommendation for a Fund and no recommendation for the Model Portfolio Strategy. When similar trades are recommended for both the Model Portfolio Strategy and the Fund, dissemination of such trade recommendations will be communicated contemporaneously for the Model Portfolio Strategy and the Fund. Upon receipt of trade recommendations for the Model Portfolio Strategy, HFMC will promptly communicate trade instructions in accordance with its trade rotation procedures to the Program Sponsors.

***Asset Allocation Model Portfolios:*** Although the underlying funds used in the Asset Allocation Model Portfolios may also be utilized in the Funds of Funds and 529 plan accounts, with the exception of the proprietary accounts of de minimis account value that were created solely to track the performance of the Asset Allocation Model Portfolios, HFMC does not manage any other account that uses a similar investment strategy to the Asset Allocation Model Portfolios.

## **Model Portfolio - Trade Rotation**

HFMC will rotate the delivery of changes to Model Portfolio Strategies and its Asset Allocation Model Portfolios among the Program Sponsors in a fair and equitable manner. HFMC or its agent will release model changes based on a random rotation process that is designed to ensure that no Program Sponsor is systematically disadvantaged. HFMC generally anticipates that the agent, upon receipt of the model from HFMC, will communicate to Program Sponsors changes in a prompt



manner. The Program Sponsor is responsible for implementing within Program Sponsor's accounts the changes, whereby the Program Sponsor may make adjustments to securities holdings, weightings, and other changes. For the proprietary seed accounts for which HFMC utilize the Model Portfolio Strategies or Asset Allocation Model Portfolios, HFMC will execute orders for such account after its agent has communicated changes to Program Sponsors.

Accordingly, it is likely that a Program Sponsor's clients may experience differences in performance as compared to the performance of the Model Portfolio Strategy or Asset Allocation Model Portfolios, other Program Sponsors or the performance of any proprietary account managed by HFMC based on the Model Portfolio Strategy or Asset Allocation Model Portfolio.

### ***Soft Dollars***

HFMC does not participate in any soft dollar program. While the sub-advisers receive certain soft dollar benefits in support of the Hartford Funds' transactions, HFMC does not directly receive any research services in connection with the execution of such trades.

### ***Commission Recapture***

HFMC has established a commission recapture program for certain of its sub-advised Funds. Commission recapture is a form of discount brokerage that rebates a portion of trading commissions directly back to an investment company, pension plan or other institutional investor. HFMC sponsors the program for the benefit of its fund shareholders that permits a sub-adviser the discretion on whether or not to participate in its commission recapture programs subject to allocation considerations. A sub-adviser is requested to direct trades through HFMC's commission recapture program when, in consideration of best execution, executing such type of trade is in the best interests of shareholders.

### ***Prohibition on the Use of Brokerage Commissions to Finance Distributions***

Hartford Funds and HFMC have implemented policies and procedures prohibiting the use of brokerage commissions to finance fund distribution in compliance with Rule 12b-1(h) of the Investment Company Act of 1940 ("Rule 12b-1"). HFMC monitors its sub-advisers to ensure

compensation was not made to a broker for promotion or sale of Hartford Funds by directing brokerage or any other remuneration to that broker. In addition, HFMC monitors the sharing of information regarding Fund distribution payments to sub-adviser trading or portfolio management personnel.

### **Item 13 – Review of Accounts**

Hartford Funds' Investment Advisory Group is overseen by HFMC's Chief Investment Officer. IAG reviews and evaluates the performance of the Hartford Funds and the Model Portfolio Strategies IAG also reviews and evaluates performance of the sub-adviser to each Hartford Fund, on an on-going basis, based upon such factors as portfolio characteristics, market analysis, portfolio position and outlook. With respect to the Hartford Funds, IAG also conducts due diligence meetings at least semi-annually with each portfolio manager and provides a quarterly written report and analysis about each Hartford Fund to the Investment Committee of the Hartford Funds' Board of Directors/ Trustees.

In addition, the Investment Product Oversight Committee ("IPOC") led by HFMC's Chief Investment Officer regularly reviews the performance of the Hartford Funds and the performance of the portfolio managers managing the Hartford Funds' assets

With respect to the 529 Portfolios, the MAS Team periodically reviews and evaluates the performance of the portfolios for which it serves as investment manager.

With respect to the Asset Allocation Model Portfolios, the Asset Allocation Committee reviews the asset-class attribution during Committee meetings; performance is reviewed monthly.

### **Item 14 – Client Referrals and Other Compensation**

HFMC does not receive any economic benefit directly or indirectly from persons who are not clients for providing investment advice or other advisory services to its investment advisory clients. HFMC does not actively solicit clients, does not use solicitors, and does not enter into cash referral arrangements for Hartford Funds offerings.

### **Item 15 – Custody**

HFMC does not take custody of its clients' assets or securities.

### **Item 16 – Investment Discretion**

HFMC currently employs Wellington Management and Schroders as sub-advisers for each Hartford Fund other than the Hartford Funds of Funds. As sub-advisers, Wellington and Schroders are responsible for day-to-day portfolio management. HFMC monitors and supervises the activities of Wellington and Schroders and would do the same for any other sub-advisers and can terminate the services of any sub-adviser at any time, subject to the notice periods set forth in the applicable sub-advisory agreement.

With respect to the Hartford Funds of Funds, HFMC's portfolio managers have investment discretion and are responsible for the investment and allocation decisions.

With respect to the 529 Plans, HFMC does not have investment discretion. Investment products selected for and offered as underlying funds to the 529 Portfolios with the 529 Plan, including any Hartford Funds, are subject to the approval by a 529 Plan's Board of Trustees.

For its Model Portfolio Strategies and Asset Allocation Model Portfolios, HFMC does not have investment discretion.

### **Item 17 – Voting Client Securities**

Pursuant to the Hartford Funds' Proxy Voting Policy, the sub-advisers to Hartford Funds' have been delegated the authority to vote all proxies relating to the Hartford Funds' portfolio holdings. A sub-adviser's exercise of this delegated proxy voting authority is subject to oversight by HFMC. A sub-adviser has a duty to vote or not vote such proxies in the best interests of each Hartford Fund and to avoid conflicts of interest. HFMC can also vote proxies on behalf of the sub-advisers if the sub-advisers believe there is a conflict of interest in voting the proxies.

The Funds of Funds allocate their assets in a combination of other Hartford Funds ("Underlying

Funds"). With respect to the Funds of Funds, HFMC will vote any proxies received by the Funds of Funds for its Underlying Funds in accordance with the Board's recommendation, unless the Board directs HFMC to vote the proxies in some other manner, including, but not limited to, voting in proportion of the unaffiliated shareholders of the Underlying Funds ('echo voting').

With respect to proxies for the underlying funds that the 529 Plans invest in, HFMC will not vote the proxy, but will instead require that the State vote any such proxy.

Program Sponsors are responsible for voting proxies for their clients that are invested in the model portfolio strategies. If Program Sponsors request a proxy recommendation, HFMC coordinates with the Non-Affiliated Model Provider.

HFMC has been delegated proxy voting authority for retirement and 403(b) accounts for which HFMC is the sponsor that hold Hartford Funds in such account, as provided for in certain custodial/disclosure documents. As a result, if retirement and/or 403(b) owners do not vote a Hartford Fund proxy, the custodial/disclosure documents provide that the shareholder directs HFMC to vote the shareholders' fund shares in the same proportion as other fund shareholders.

HFMC may hold securities in proprietary accounts and may elect in its sole discretion to vote or abstain from voting such securities. Currently HFMC's only proprietary accounts are seed accounts, established solely for purposes of establishing a performance track record. HFMC does not currently vote proxies for securities held in such accounts.

The proxy voting policies and procedures, together with information concerning HFMC's proxy votes are available to clients, without charge, upon request. A copy of HFMC's Proxy Voting Policy can be obtained by contacting Nancy Davis Scholz, at 610-386-7374 or by email at: [nancy.scholz@hartfordfunds.com](mailto:nancy.scholz@hartfordfunds.com).

## **Item 18 – Financial Information**

HFMC has no financial conditions that are likely to materially impair its ability to meet contractual commitments to its clients. HFMC has not been the subject of a bankruptcy proceeding in the past ten years.

# HARTFORD FUNDS MANAGEMENT COMPANY, LLC

690 LEE ROAD  
WAYNE, PA 19087

PART 2B of FORM ADV: BROCHURE SUPPLEMENT

[www.hartfordfunds.com](http://www.hartfordfunds.com)

January 8, 2025

This Brochure Supplement provides information about Sean P. Reichert, an employee of Hartford Funds Management Company, LLC with business address above and telephone number 610-386-7375.

This Brochure Supplement provides information about this individual and supplements Part 2A of Form ADV of Hartford Funds Management Company, LLC. You should have previously received a copy of that Brochure. Please contact Nancy Davis Scholz, Compliance Director, if you did not receive HFMC's Brochure or if you have any questions about the contents of this Brochure Supplement.

**Sean P. Reichert**

**Item 2: Education Background & Business Experience**

Name	Sean P. Reichert
Title	Head of ETF Capital Markets & Trading
Year of Birth	1987
Education	The Wharton School, University of Pennsylvania, BS
Business Background	Mr. Reichert is the Head of ETF Capital Markets & Trading at Hartford Funds, a position held since 2024. He manages the team that is responsible for the trading and investment administration for the multi-asset product suite and oversight of the model portfolio delivery process. Mr. Reichert also leads the ETF Capital Markets team, who work closely with ETF market participants to help foster a healthy trading environment for Hartford Fund ETFs. Mr. Reichert has been at Hartford Funds since 2018, and prior to his current role, has served as a Portfolio Manager for the Beta Solutions Team at OppenheimerFunds.

**Item 3: Disciplinary Information**

HFMC is not aware of any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Mr. Reichert.

**Item 4: Other Business Activities**

Mr. Reichert is a Registered Representative of Hartford Funds Distributors, LLC.

**Item 5: Additional Compensation**

Mr. Reichert does not receive an economic benefit for providing investment advisory services from anyone who is not a client.

**Item 6: Supervision**

Mr. Reichert is supervised by Vernon Meyer, Managing Director and Chief Investment Officer. Mr. Meyer can be reached at 610-386-7434.

**Customer Privacy Notice**  
**The Hartford Insurance Group, Inc. and Affiliates**  
(herein called “we, our, and us”)

*This Privacy Policy applies to our United States Operations*

We value your trust. We are committed to the responsible:

- a) management;
- b) use; and
- c) protection;

of **Personal Information**.

This notice describes how we collect, disclose, and protect **Personal Information**.

We collect **Personal Information** to:

- a) service your **Transactions** with us; and
- b) support our business functions.

We may obtain **Personal Information** from:

- a) **You**;
- b) your **Transactions** with us; and
- c) third parties such as a consumer-reporting agency.

Based on the type of product or service **You** apply for or get from us, **Personal Information** such as:

- a) your name;
- b) your address;
- c) your income;
- d) your payment; or
- e) your credit history;

may be gathered from sources such as applications, **Transactions**, and consumer reports.

To serve **You** and service our business, we may share certain **Personal Information**. We will share **Personal Information**, only as allowed by law, with affiliates such as:

- a) our insurance companies;
- b) our employee agents;
- c) our brokerage firms; and
- d) our administrators.

As allowed by law, we may share **Personal Financial Information** with our affiliates to:

- a) market our products; or
  - b) market our services;
- to **You** without providing **You** with an option to prevent these disclosures.

We may also share **Personal Information**, only as allowed by law, with unaffiliated third parties including:

- a) independent agents;
  - b) brokerage firms;
  - c) insurance companies;
  - d) administrators; and
  - e) service providers;
- who help us serve **You** and service our business.

When allowed by law, we may share certain **Personal Financial Information** with other unaffiliated third parties who assist us by performing services or functions such as:

- a) taking surveys;
- b) marketing our products or services; or
- c) offering financial products or services under a joint agreement between us and one or more financial institutions.

We, and third parties we partner with, may track some of the pages **You** visit through the use of:

- a) cookies;
- b) pixel tagging; or
- c) other technologies.

For more information, our Online Privacy Policy, which governs information we collect on our website and our affiliate websites, is available at <https://www.thehartford.com/online-privacy-policy>.

We will not sell or share your **Personal Financial Information** with anyone for purposes unrelated to our business functions without offering **You** the opportunity to:

- a) “opt-out;” or
  - b) “opt-in;”
- as required by law.

We only disclose **Personal Health Information** with:

- a) your authorization; or
- b) as otherwise allowed or required by law.

Our employees have access to **Personal Information** in the course of doing their jobs, such as:

- a) underwriting policies;
- b) paying claims;
- c) developing new products; or
- d) advising customers of our products and services.

We use manual and electronic security procedures to maintain:

- a) the confidentiality; and
  - b) the integrity of;
- Personal Information** that we have. We use these procedures to guard against unauthorized access.

Some techniques we use to protect **Personal Information** include:

- a) secured files;
- b) user authentication;
- c) encryption;



- d) firewall technology; and
- e) the use of detection software.

We are responsible for and must:

- a) identify information to be protected;
- b) provide an adequate level of protection for that data; and
- c) grant access to protected data only to those people who must use it in the performance of their job-related duties.

Employees who violate our privacy policies and procedures may be subject to discipline, which may include termination of their employment with us.

We will continue to follow our Privacy Policy regarding **Personal Information** even when a business relationship no longer exists between us.

As used in this Privacy Notice:

**Application** means your request for our product or service.

**Personal Financial Information** means financial information such as:

- a) credit history;
- b) income;
- c) financial benefits; or
- d) policy or claim information.

**Personal Financial Information** may include Social Security Numbers, Driver's license numbers, or other government-issued identification numbers, or credit, debit card, or bank account numbers.

**Personal Health Information** means health information such as:

- a) your medical records; or
- b) information about your illness, disability or injury.

**Personal Information** means information that identifies **You** personally and is not otherwise available to the public. It includes:

- a) **Personal Financial Information**; and
- b) **Personal Health Information**.

**Transaction** means your business dealings with us, such as:

- a) your **Application**;
- b) your request for us to pay a claim; and
- c) your request for us to take an action on your account.

**You** means an individual who has given us **Personal Information** in conjunction with:

- a) asking about;
  - b) applying for; or
  - c) obtaining;
- a financial product or service from us if the product or service is used mainly for personal, family, or household purposes.

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If you have any questions or comments about this privacy notice, please feel free to contact us at The Hartford – Consumer Rights and Privacy Compliance Unit, One Hartford Plaza, Mail Drop: HO1-09, Hartford, CT 06155, or at [ConsumerPrivacyInquiriesMailbox@thehartford.com](mailto:ConsumerPrivacyInquiriesMailbox@thehartford.com).

This Customer Privacy Notice is being provided on behalf of The Hartford Insurance Group, Inc. and its affiliates (including the following as of February 2025), to the extent required by the Gramm-Leach-Bliley Act and implementing regulations:

1stAGChoice, Inc.; Access CoverageCorp, Inc.; Access CoverageCorp Technologies, Inc.; Business Management Group, Inc.; Cervus Claim Solutions, LLC; First State Insurance Company; FTC Resolution Company LLC; Hart Re Group L.L.C.; Hartford Accident and Indemnity Company; Hartford Administrative Services Company; Hartford Asia Limited; Hartford Casualty General Agency, Inc.; Hartford Casualty Insurance Company; Hartford Corporate Underwriters Limited; Hartford Fire General Agency, Inc.; Hartford Fire Insurance Company; Hartford Funds Distributors, LLC; Hartford Funds Management Company, LLC; Hartford Funds Management Group, Inc.; Hartford Holdings, Inc.; Hartford Insurance Company of Illinois; Hartford Insurance Company of the Midwest; Hartford Insurance Company of the Southeast; Hartford Insurance, Ltd.; Hartford Integrated Technologies, Inc.; Hartford Investment Management Company; Hartford Life and Accident Insurance Company; Hartford Lloyd's Corporation; Hartford Lloyd's Insurance Company; Hartford Management, Ltd.; Hartford Management (UK) Limited; Hartford Productivity Services LLC; Hartford Singapore Pte. Ltd; Hartford of the Southeast General Agency, Inc.; Hartford of Texas General Agency, Inc.; Hartford Residual Market, L.L.C.; Hartford Specialty Insurance Services of Texas, LLC; Hartford STAG Ventures LLC; Hartford Strategic Investments, LLC; Hartford Underwriters General Agency, Inc.; Hartford Underwriters Insurance Company; Hartford Underwriting Agency Limited; Heritage Holdings, Inc.; Heritage Reinsurance Company, Ltd.; HLA LLC; Horizon Management Group, LLC; HRA Brokerage Services, Inc.; Lattice Strategies LLC; Maxum Casualty Insurance Company; Maxum Indemnity Company; Maxum Specialty Services Corporation; Millennium Underwriting Limited; MPC Resolution Company LLC; Navigators Holdings (UK) Limited; Navigators Insurance Company; Navigators Management Company, Inc.; Navigators Specialty Insurance Company; Navigators Underwriting Limited; New England Insurance Company; New England Reinsurance Corporation; New Ocean Insurance Co., Ltd.; NIC Investments (Chile) SpA; Nutmeg Insurance Agency, Inc.; Nutmeg Insurance Company; Pacific Insurance Company, Limited; Property and Casualty Insurance Company of Hartford; Sentinel Insurance Company, Ltd.; The Navigators Group, Inc.; Trumbull Flood Management, L.L.C.; Trumbull Insurance Company; Twin City Fire Insurance Company; Y-Risk, LLC.

## **GLOBAL PROXY POLICY AND PROCEDURES**

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### **INTRODUCTION**

Wellington Management has adopted and implemented policies and procedures it believes are reasonably designed to ensure that proxies are voted in the best interests of clients for which it exercises proxy-voting discretion.

The purpose of this document is to outline Wellington Management's approach to executing proxy voting.

Wellington Management's Proxy Voting Guidelines (the "Guidelines"), which are contained in a separate document, set forth broad guidelines and positions on common issues that Wellington Management uses for voting proxies. The Guidelines set out our general expectations on how we vote rather than rigid rules that we apply without consideration of the particular facts and circumstances.

### **STATEMENT OF POLICY**

Wellington Management:

- 1) Votes client proxies for clients that have affirmatively delegated proxy voting authority, in writing, unless we have arranged in advance with a particular client to limit the circumstances in which the client would exercise voting authority, or we determine that it is in the best interest of one or more clients to refrain from voting a given proxy.
- 2) Seeks to vote proxies in the best financial interests of the clients for which we are voting.
- 3) Identifies and resolves all material proxy-related conflicts of interest between the firm and our clients in the best interests of the client.

### **RESPONSIBILITY AND OVERSIGHT**

The Proxy Voting Team monitors regulatory requirements with respect to proxy voting and works with the firm's Legal and Compliance Group and the Investment Stewardship Committee to develop practices that implement those requirements. The Proxy Voting Team also acts as a resource for portfolio managers and investment research analysts on proxy matters as needed. Day-to-day administration of the proxy voting process is the responsibility of the Proxy Voting Team. The Investment Stewardship Committee a senior, cross-functional group of experienced professionals, is responsible for oversight of the implementation of the Global Proxy Policy and Procedures, review and approval of the Guidelines, and identification and resolution of conflicts of interest. The Investment Stewardship Committee reviews the Guidelines as well as the Global Proxy Policy and Procedures annually.

**GLOBAL PROXY POLICY AND PROCEDURES**

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PROCEDURES

**Use of Third-Party Voting Agent**

Wellington Management uses the services of a third-party voting agent for research and to manage the administrative aspects of proxy voting. We view third-party research as an input to our process. Wellington Management complements the research provided by its primary voting agent with research from other firms.

Our primary voting agent processes proxies for client accounts and maintains records of proxies voted. For certain routine issues, as detailed below, votes may be instructed according to standing instructions given to our primary voting agent, which are based on the Guidelines.

We manually review instances where our primary voting agent discloses a material conflict of interest of its own, potentially impacting its research outputs. We perform oversight of our primary voting agent, which involves regular service calls and an annual due diligence exercise, as well as regular touchpoints in the normal course of business.

**Receipt of Proxy**

If a client requests that Wellington Management vote proxies on its behalf, the client must instruct its custodian bank to deliver all relevant voting materials to Wellington Management or its designated voting agent in a timely manner.

**Reconciliation**

Proxies for public equity securities received by electronic means are matched to the securities eligible to be voted, and a reminder is sent to custodians/trustees that have not forwarded the proxies due. This reconciliation is performed at the ballot level. Although proxies received for private equity securities, as well as those received in non-electronic format for any securities, are voted as received, Wellington Management is not able to reconcile these ballots and does not notify custodians of non-receipt; Wellington Management is only able to reconcile ballots where clients have consented to providing holdings information with its provider for this purpose.

**Proxy Voting Process**

Our approach to voting is investment-led and serves as an influential component of our engagement and escalation strategy. The Investment Stewardship Committee, a cross-functional group of experienced professionals, oversees Wellington Management's activities with regards to proxy voting practices.

Routine issues that can be addressed by the proxy voting guidance below are voted by means of standing instructions communicated to our primary voting agent. Some votes warrant analysis of specific facts and circumstances and therefore are reviewed individually. We examine such vote sources including internal research notes, third-party voting research and company engagement. While manual votes are often resolved by investment research teams, each portfolio manager is empowered to make a final decision for their relevant client portfolio(s), absent a material conflict of interest. Proactive portfolio manager input is sought under certain circumstances, which may include consideration of position size and proposal subject matter and nature. Where portfolio manager input is proactively sought, deliberation across the firm may occur. This collaboration does not prioritize consensus across the firm above all other interests but rather seeks to inform portfolio managers' decisions by allowing them to consider multiple perspectives. Portfolio managers may occasionally arrive at different voting conclusions for their clients, resulting in

## WELLINGTON MANAGEMENT

### GLOBAL PROXY POLICY AND PROCEDURES

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different decisions for the same vote. Voting procedures and the deliberation that occurs before a vote decision are aligned with our role as active owners and fiduciaries for our clients.

#### Material Conflict of Interest Identification and Resolution Processes

Further detail on our management of conflicts of interest can be found in our Stewardship Conflicts of Interest Policy, available on our website.

### OTHER CONSIDERATIONS

In certain instances, Wellington Management may be unable to vote or may determine not to vote a proxy on behalf of one or more clients. While not exhaustive, the following are potential instances in which a proxy vote might not be entered.

#### Securities Lending

Clients may elect to participate in securities lending. Such lending may impact their ability to have their shares voted. Under certain circumstances, and where practical considerations allow, Wellington Management may determine that the anticipated value of voting could outweigh the benefit to the client resulting from use of securities for lending and recommend that a client attempt to have its custodian recall the security to permit voting of related proxies. We do not borrow shares for the sole purpose of exercising voting rights.

#### Share Blocking and Re-Registration

Certain countries impose trading restrictions or requirements regarding re-registration of securities held in omnibus accounts in order for shareholders to vote a proxy. The potential impact of such requirements is evaluated when determining whether to vote such proxies.

#### Lack of Adequate Information, Untimely Receipt of Proxy Materials, or Excessive Costs

Wellington Management may abstain from voting a proxy when the proxy statement or other available information is inadequate to allow for an informed vote; the proxy materials are not delivered in a timely fashion; or, in Wellington Management's judgment, the costs of voting exceed the expected benefits to clients (included but not limited to instances such as when powers of attorney or consularization or the disclosure of client confidential information are required).

### ADDITIONAL INFORMATION

Wellington Management maintains records related to proxies pursuant to Rule 204-2 of the Investment Advisers Act of 1940 (the "Advisers Act"), the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and other applicable laws. In addition, Wellington Management discloses voting decisions through its website, including the rationale for votes against management.

Wellington Management provides clients with a copy of its Global Proxy Policy and Procedures, as well as the Voting Guidelines, upon written request. In addition, Wellington Management will provide specific client information relating to proxy voting to a client upon written request.

Dated: 15 September 2023

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# Wellington Management 2024 Global Proxy Voting Guidelines

WELLINGTON  
MANAGEMENT®

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## WELLINGTON'S PHILOSOPHY

Wellington Management is a long-term steward of our clients' assets and aims to vote proxies for which we have voting authority in the best financial interest of clients.

These guidelines are based on Wellington Management's fiduciary obligation to act in the best financial interest of its clients as shareholders and while written to apply globally, we consider jurisdictional differences to make informed decisions. Enumerated below are issues specific to the Japanese market given we have formulated more detailed expectations of this region.

Wellington Management votes proxies for each client for which it has voting authority based on Wellington Management's evaluation of the best long-term economic interests of shareholders, in the exercise of its independent business judgment, and without regard to the relationship of the issuer of the proxy to the client, Wellington Management, or Wellington Management's affiliates.

It should be noted that the following are guidelines, not rigid rules, and Wellington Management reserves the right in all cases to deviate from the general direction set out below where doing so is in the best interest of its clients.

## OUR APPROACH TO STEWARDSHIP

The goal of our stewardship activities is to support decisions that we believe will maximize investment returns for our clients over the long term.

The mechanisms we use to implement our stewardship activities vary by asset class. Engagement applies to all our investments across equity and credit, in both private and public markets. Proxy voting applies mostly to public equities.

Stewardship extends to any area that may affect the long-term sustainable financial return of an investment. Stewardship can be accomplished through research and constructive dialogue with company management and boards, by monitoring company behavior through informed active ownership, and by emphasizing management accountability for important issues via our proxy votes, which have long been part of Wellington's investment ethos. Please refer to our Engagement Policy for more information on how engagement is conducted at Wellington.

## OUR APPROACH TO VOTING

We vote proxies in what we consider to be the best financial interests of our clients. Our approach to voting is investment-led and serves as an influential component of our engagement and escalation strategy. The Investment Stewardship Committee, a cross-functional group of experienced professionals, oversees Wellington Management's stewardship activities with regards to proxy voting and engagement practices.

Generally, routine issues which can be addressed by the proxy voting guidance below are voted by means of standing instructions communicated to our primary voting agent. Some votes warrant analysis of specific facts and circumstances and therefore are reviewed individually. We examine such proposals on their merits and take voting action in a manner that best serves the financial interests of our clients. When forming our voting decisions, we may leverage sources including internal research notes, third-party voting research and company engagement. While manual votes are often resolved by investment research teams, each portfolio manager is empowered to make a final decision for their relevant client portfolio(s), absent a material conflict of interest. Proactive portfolio manager input is sought under certain circumstances, which may include consideration of position size and proposal subject matter and nature. Where portfolio manager input is proactively sought, deliberation across the firm may occur. This

collaboration does not prioritize consensus across the firm above all other interests but rather seeks to inform portfolio managers' decisions by allowing them to consider multiple perspectives. Consistent with our community-of-boutiques model, portfolio managers may occasionally arrive at different voting conclusions for their clients, resulting in different decisions for the same vote. Robust voting procedures and the deliberation that occurs before a vote decision are aligned with our role as active owners and fiduciaries for our clients.

We generally support shareholder proposals if we determine that their adoption would promote long-term shareholder value. In making this determination, we consider numerous factors, including but not limited to the anticipated benefits of the proposal to the company; whether the proposal addresses the general interests of the company's shareholders and not just those of the shareholder proponents; whether the company is currently addressing the issue motivating the proposal or has engaged with the shareholder proponents; whether the company can implement the proposal effectively; and whether the proposal's adoption would impose material costs on the company or result in unintended consequences.

In addition, because proxy voting provides only limited means (i.e., voting "for" or "against") to express our views on a particular issue, we may support shareholder proposals in cases where we do not support every recommended action or where the proposal is accompanied by a supporting statement that we do not support so long as we are directionally aligned with the issue motivating the proposal. In these cases, we aim to engage directly with the company to clarify the nuanced view our vote represents.

Please refer to our Global Proxy Policy and Procedures for further background on the process and governance of our voting approach.

Detailed below are the principles which we consider when deciding how to vote.

## VOTING GUIDELINES

### **BOARD COMPOSITION AND ROLE OF DIRECTORS**

Effective boards should act in shareholders' best economic interests and possess the relevant skills to implement the company's strategy.

We consider shareholders' ability to elect directors annually an important right and, accordingly, generally support proposals to enable annual director elections and declassify boards.

We may withhold votes from directors for being unresponsive to shareholders or for failing to make progress on issues material to maximizing investment returns. We may also withhold votes from directors who fail to implement shareholder proposals that if adopted would promote long-term shareholder value and have received majority support or have implemented poison pills without shareholder approval.

### **Time commitments**

We expect directors to have the time and energy to fully commit to their board-related responsibilities and not be over-stretched with an excessive number of external directorships. We may vote against directors when serving on five or more public company boards; and public company executives when serving on three or more public company boards, including their own.

We consider the roles of board chair and chair of the audit committee as equivalent to an additional board seat when evaluating the overboarding matrix for non-executives. We may take into consideration that certain directorships, such as Special Purpose Acquisition Companies (SPACs) and investment companies, are usually less demanding.

Directors should also attend at least 75% of scheduled board meetings. If they fail to do so, we may vote against their re-election.

### Succession planning and board refreshment

We do not have specific voting policies relating to director age or tenure. We prefer to take a holistic view, evaluating whether the company is balancing the perspectives of new directors with the institutional knowledge of longer-serving board members. Succession planning is a key topic during many of our board engagements.

We generally expect companies to refresh their board membership every five years and may vote against the chair of the nominating committee for failure to implement. We believe a degree of director turnover allows companies to strengthen board diversity and add new skillsets to the board to enhance their oversight and adapt to evolving strategies.

Boards should offer transparency around their process to evaluate director performance and independence, conducting a rigorous regular evaluation of the board, key committees as well as individual directors, which is responsive to shareholder input. We believe externally facilitated board evaluations may contribute to companies retaining an appropriate mix of skills, experience and diversity on their boards over time.

In certain markets companies are governed by multi-tiered boards, with each tier having different responsibilities. We hold supervisory board members to similar standards, subject to prevailing local governance best practices.

### Board independence

In our view, boards perform best when composed of an appropriate combination of executive and non-executive (in particular independent non-executive) directors to challenge and counsel management.

To determine appropriate minimum levels of board independence, we look to prevailing market best practices; two-thirds in the US, for example, and majority in the UK and France. In addition to the overall independence at the board level, we also consider the independence of audit, compensation, and nominating committees. Where independence falls short of our expectations, we may withhold approval for non-independent directors or those responsible for the board composition. We typically vote in support of shareholder proposals calling for improved independence.

We believe that having an independent chair is the preferred structure for board leadership. Having an independent chair avoids the inherent conflict of self-oversight and helps ensure robust debate and diversity of thought in the boardroom. We will generally support proposals to separate the chair and CEO or establish a lead director but may support the involvement of an outgoing CEO as executive chair for a limited period to ensure a smooth transition to new management.

### Board diversity

We believe boards which reflect a wide range of perspectives are best positioned to create shareholder value. Appointing boards that thoughtfully debate company strategy and direction is not possible unless boards elect highly qualified and diverse directors. By setting a leadership example, boardrooms with a wide range of experiences, expertise, and perspectives encourage an organizational culture that promotes diverse thinkers, enabling better strategic decisions and the navigation of increasingly complex issues facing companies today.

We think it is not in shareholders' best interests for the full board to be comprised of directors who all share the same background, experience, and personal characteristics (e.g., gender, race, ethnicity, and age). We expect our portfolio companies to be thoughtful and intentional in considering the widest possible pool of skilled candidates who bring diverse perspectives into the boardroom. We encourage companies to disclose the composition and qualifications of their board and to communicate their ambitions and strategies for creating and fostering a diverse board.

We reserve the right to vote against the re-election of the Nominating/Governance Committee Chair when the board is not meeting local market standards from a diversity perspective. We expect a minimum of 20% gender diversity at major indices such as the S&P 500 and encourage boards to strive for 30% gender diversity. From 2025, we may vote against the re-election of the Nominating/Governance Committee Chair at major indices not meeting this 30% goal.

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Outside of the above major indices and absent a market-defined standard, we may vote against the reelection of the Nominating/Governance Committee Chair where no gender-diverse directors are represented on a board.

We reserve the right to vote against the reelection of the Nominating/Governance Committee Chair at US large cap and FTSE 100 companies that failed to appoint at least one director from a minority ethnic group and fail to provide clear and compelling reason for being unable to do so. We will continue to engage on diversity of the board in other markets and may vote against the re-election of directors where we fail to see improvements.

### Majority vote on election of directors

Because we believe the election of directors by a majority of votes cast is the appropriate standard, we will generally support proposals that seek to adopt such a standard. Our support will typically extend to situations where the relevant company has an existing resignation policy for directors that receive a majority of “withhold” votes. We believe majority voting should be defined in the company’s charter and not simply in its corporate governance policy.

Generally, we oppose proposals that fail to provide for the exceptional use of a plurality standard in the case of contested elections. Further, we will not support proposals that seek to adopt a standard of majority of votes outstanding (total votes eligible as opposed to votes cast). We likely will support shareholder and management proposals to remove existing supermajority vote requirements.

### Contested director elections

We approach contested director elections on a case-by-case basis, considering the specific circumstances of each situation to determine what we believe to be in the best financial interest of our clients. In each case, we welcome the opportunity to engage with both the company and the proponent to ensure that we understand both perspectives and are making an informed decision on our clients’ behalf.

## COMPENSATION

Executive compensation plans establish the incentive structure that plays a role in strategy-setting, decision-making, and risk management. While design and structure vary widely, we believe the most effective compensation plans attract and retain high-caliber executives, foster a culture of performance and accountability, and align management’s interests with those of long-term shareholders.

Due to each company’s unique circumstances and wide range of plan structures, Wellington determines support for a compensation plan on a case-by-case basis. We support plans that we believe lead to long-term value creation for our clients and the right to vote on compensation plans annually.

In evaluating compensation plans, we consider the following attributes in the context of the company’s business, size, industry, and geographic location:

Alignment — We believe in pay-for-performance and encourage plan structures that align executive compensation with shareholder experience. We compare total compensation to performance metrics on an absolute and relative basis over various timeframes, and we look for a strong positive correlation. To ensure shareholder alignment, executives should maintain meaningful equity ownership in the company while they are employed, and for a period thereafter.

Transparency — We expect compensation committees to articulate the decision-making process and rationale behind the plan structure, and to provide adequate disclosure so shareholders can evaluate actual compensation relative to the committee’s intentions. Disclosure should include how metrics, targets, and timeframes are chosen, and detail desired outcomes. We also seek to understand how the compensation committee determines the target level of compensation and constructs the peer group for benchmarking purposes.



**Structure** — The plan should be clear and comprehensible. We look for a mix of cash versus equity, fixed versus variable, and short- versus long-term pay that incentivizes appropriate risk-taking and aligns with industry practice. Performance targets should be achievable but rigorous, and equity awards should be subject to performance and/or vesting periods of at least three years, to discourage executives from managing the business with a near-term focus. Unless otherwise specified by local market regulators, performance-based compensation should be based on metrics that are objective, rigorous, and tied to shareholder value creation. Qualitative goals, including material environmental and social considerations material to financial performance, may be acceptable if a compensation committee has demonstrated a fair and consistent approach to evaluating qualitative performance and applying discretion over time.

**Accountability** — Compensation committees should be able to use discretion, positive and negative, to ensure compensation aligns with performance and provide a cogent explanation to shareholders. We generally oppose one-time awards aimed at retention or achieving a pre-determined goal. Barring an extenuating circumstance, we view retesting provisions unfavorably.

### Approving equity incentive plans

A well-designed equity incentive plan facilitates the alignment of interests of long-term shareholders, management, employees, and directors. We evaluate equity-based compensation plans on a case-by-case basis, considering projected plan costs, plan features, and grant practices. We will reconsider our support for a plan if we believe these factors, on balance, are not in the best financial interest of shareholders. Specific items of concern may include excessive cost or dilution, unfavorable change-in-control features, insufficient performance conditions, holding/vesting periods, or stock ownership requirements, repricing stock options/stock appreciation rights (SARs) without prior shareholder approval, or automatic share replenishment (an “evergreen” feature).

### Employee stock purchase plans

We generally support employee stock purchase plans, as they may align employees’ interests with those of shareholders. That said, we typically vote against plans that do not offer shares to a broad group of employees (e.g., if only executives can participate) or plans that offer shares at a significant discount.

### Non-executive director compensation

We expect companies to disclose non-executive director compensation and we prefer the use of an annual retainer or fee, delivered as cash, equity, or a combination. We do not believe non-executive directors should receive performance-based compensation, as this creates a potential conflict of interest. Non-executive directors oversee executive compensation plans; their objectivity is compromised if they design a plan that they also participate in.

### Severance arrangements

We are mindful of the board’s need for flexibility in recruitment and retention but will oppose excessively generous arrangements unless agreements encourage management to negotiate in shareholders’ best financial interest. We generally support proposals calling for shareholder ratification of severance arrangements.

### Retirement bonuses (Japan)

Misaligned compensation which is based on tenure and seniority may compromise director independence. We generally vote against directors and statutory auditors if retirement bonuses are given to outgoing directors.

### Claw-back policies

We believe companies should be able to recoup incentive compensation from members of management who received awards based on fraudulent activities, accounting misstatements, or breaches in standards of conduct that lead to

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corporate reputational damage. We generally support shareholder proposals requesting that a company establish a robust claw-back provision if existing policies do not cover these circumstances. We also support proposals seeking greater transparency about the application of claw back policies.

### Audit quality and oversight

Scrutiny of auditors, particularly audit quality and oversight, has been increasing. When we assess financial statement reporting and audit quality, we will generally support management's choice of auditors, unless the auditors have demonstrated failure to act in shareholders' best economic interest. We also pay close attention to the non-audit services provided by auditors and consider the potential for the revenue from those services to create conflicts of interest that could compromise the integrity of financial statement audits.

## SHAREHOLDER RIGHTS

### Shareholder rights plans

Also known as poison pills, these plans can enable boards of directors to negotiate higher takeover prices on behalf of shareholders. Such plans also may be misused, however, as a means of entrenching management. Consequently, we may support plans that include a shareholder approval requirement, a sunset provision, or a permitted bid feature (e.g., bids that are made for all shares and demonstrate evidence of financing must be submitted to a shareholder vote).

Because boards generally have the authority to adopt shareholder rights plans without shareholder approval, we are equally vigilant in our assessment of requests for authorization of blank-check preferred shares.

### Multiple voting rights

We generally support one share, one vote structures. The growing practice of going public with a dual-class share structure can raise governance and performance concerns. In our view, dual-class shares can create misalignment between shareholders' economic stake and their voting power and can grant control to a small number of insiders who may make decisions that are not in the interests of all shareholders.

We generally prefer that companies dispense with dual-class share structures but we recognize that newly listed companies may benefit from a premium by building in some protection for founders for a limited time after their IPO. The Council of Institutional Investors, a nonprofit association of pension funds, endowments, and foundations, recommends that newly public companies that adopt structures with unequal voting rights do away with the structure within seven years of going public. We believe such sunset clauses are a reasonable compromise between founders seeking to defend against takeover attempts in pivotal early years, and shareholders demanding a mechanism for holding management accountable, especially in the event of leadership changes.

Similarly, we generally do not support the introduction of loyalty shares, which grant increased voting rights to investors who hold shares over multiple years.

### Proxy access

We believe shareholders should have the right to nominate director candidates on the management's proxy card. We will generally support shareholder proposals seeking proxy access unless the existing policy is already in-line with market norms.

### Special meeting rights

We believe the right to call a special meeting is an important shareholder right, and we will generally support such proposals to establish this right at companies that lack this facility. We will generally support a proposal lowering thresholds where the current level exceeds 15% and the proposal calls for a 10%+ threshold, taking into consideration

the make-up of the existing shareholder base and the company's general responsiveness to shareholders. If shareholders are granted the right to call special meetings, we generally do not support written consent.

### Virtual meetings

Many companies established virtual-only shareholder meetings over the course of the recent Covid-19 pandemic. Virtual attendance allows investors to participate in more meetings and reduces the need for travel. We generally prefer shareholder meetings to take place in a hybrid format (virtual and in-person) where possible, allowing all shareholders, whether they attend in person or virtually, to ask questions. We expect companies hosting virtual-only shareholder meetings to provide a clear rationale underpinning their decision to do so, provide a live video stream of proceedings and offer transparency on how questions may be submitted and are selected for discussion.

We may oppose amendments to articles of association permitting virtual-only meetings where we perceive shareholder rights to be at risk. We may also support relevant shareholder proposals requesting companies to facilitate the ability to attend in-person.

## CAPITAL STRUCTURE AND CAPITAL ALLOCATION

### Mergers and acquisitions

We approach votes to approve mergers and acquisitions on a case-by-case basis, considering the specific circumstances of each proposal to determine what we believe to be in the best financial interest of our clients.

### Increases in authorized common stock

We generally support requests for increases up to 100% of the shares with preemption rights. Exceptions will be made when the company has clearly articulated a reasonable need for a greater increase. Conversely, at companies trading in less liquid markets, we may impose a lower threshold. When companies seek to issue shares without preemptive rights, we consider potential dilution and generally support requests when dilution is below 20%. For issuance with preemptive rights, we review on a case-by-case basis, considering the size of issuance relative to peers.

## ENVIRONMENTAL TOPICS

We assess portfolio companies' performance on environmental issues we deem to be material to long-term financial performance.

### Climate change

As an asset manager entrusted with investing on our clients' behalf, we aim to assess, monitor, and manage the potential effects of climate change on our investment processes and financial returns of client portfolios. Proxy voting is a tool we use for managing climate-related investment risks, as part of our overall stewardship process.

In general, we expect companies facing material climate risks to communicate credible transition plans consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Appropriate reporting on climate readiness assists our investment professionals in understanding a company's strategy to adapt to or mitigate material climate-related risks. In addition, we may also vote against directors at companies facing material climate risks where the disclosure of transition plans meaningfully lag our expectations.

### *Emissions disclosure*

We generally encourage companies to disclose material Scope 1, 2, and 3 emissions. While we recognize the challenges associated with collecting Scope 3 emissions data, disclosure of material Scope 3 emissions has the potential to assist us with the assessment of the transition risks applicable to an issuer. Disclosure of both overall categories of Scope 3 emissions – upstream and downstream – with context and granularity from companies with significant Scope 3 sources enhances our ability to evaluate investment risks and opportunities. We generally

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encourage companies to adopt emerging global standards for measurement and disclosure of emissions such as those being developed by the International Sustainability Standards Board (ISSB).

We view disclosure of material Scope 1 and 2 emissions as a baseline expectation where measurement practices are well-defined and attainable. We will generally vote against the re-election of the Chair of MSCI World companies and large cap companies in Emerging Markets which do not disclose material Scope 1 and 2 emissions, have not made a commitment to do so and where emissions intensity is material to financial performance.

#### *Net-zero targets*

We encourage companies with material emissions to set a credible, science-based decarbonization glidepath, with an interim and long-term target, that comprises all categories of material emissions and is consistent with the ambition to achieve net zero emissions by 2050 or sooner. For certain companies with material emissions, we may vote against the company chair where quantitative emission reduction targets have not been reasonably defined. Companies may find value in aligning transition plans with best practice frameworks relevant to their industry and business model such as the Science Based Targets initiative (SBTi).

We generally support shareholder proposals that promote long-term shareholder value and ask companies facing material climate risks for improved disclosure on climate risk management or alignment of business strategies with the Paris Agreement or similar language.

#### Biodiversity

Many companies are dependent on natural capital and biodiversity as key inputs either through direct resource extraction or their supply chain. Business activities may also impact the capacity of nature to provide social and economic functions. We recognize that biodiversity impact and loss can be challenging to quantify and measure, but we believe companies should assess environmental inputs and outputs. We encourage companies to report on financially material impacts and dependencies on natural capital relevant to their business.

#### Other environmental shareholder proposals

For other environmental proposals covering themes including biodiversity, natural capital, deforestation, water usage, (plastic) packaging as well as palm oil, we take a case-by-case approach and will generally support proposals calling for companies to provide disclosure where this is additive to the company's existing efforts, the proposed information pertains to a material financial impact and in our view is of economic benefit to investors.

### **SOCIAL TOPICS**

#### Corporate culture, human capital, and diversity, equity, & inclusion

Through engagement we emphasize to management the importance of how they invest in and cultivate their human capital to perpetuate a strong culture. We assess culture holistically from an alignment of management incentives, responsiveness to employee feedback, evidence of an equitable and sound talent management strategy and commitment to diversity, equity, and inclusion practices that promote shareholder value. We value transparency and use of key performance indicators.

A well-articulated culture statement and talent attraction, retention and development strategy suggest that a company appreciates culture and talent as competitive advantages that can drive long-term value creation. It also sends a strong message when management compensation is linked, when appropriate, to employee satisfaction. If the company conducts regular employee engagement surveys, we look for leadership to disclose the results — both positive and negative — so we can monitor patterns and assess whether they are implementing changes based on the feedback they receive. We consider workplace locations and how a company balances attracting talent with the costs of operating in desirable cities.

We maintain that a deliberate human capital management strategy should foster a collaborative, productive workplace in which all talent can thrive. One ongoing engagement issue that pertains to human capital management is diversity, equity, and inclusion (DEI). We see DEI practices as a material input to long-term financial performance, so as our clients' fiduciaries, we seek to better understand how and to what extent a company's approach to diversity is integrated with talent management at all levels. This is significantly aided when there is consistent, robust disclosure in place. A sound long-term plan holds more weight than a company's current demographics, so we look for a demonstrable DEI strategy that seeks to improve shareholder value over time and align management incentives accordingly. To that end, we expect companies in the US to publicly disclose their EEO-1 reporting and all companies to disclose their DEI strategy.

Gender and racial pay equity are important parts of our assessment of a company's diversity efforts. Pay inequity can impact shareholder value by exposing a company to challenges with recruiting & retaining talent, job dissatisfaction, workforce turnover, and costly lawsuits. Consequently, we may support proposals asking for improved transparency on a company's gender and/or racial pay gap if existing disclosures are lagging best practice and if the company has not articulated its efforts to promote equal opportunities to advance to senior roles.

We believe diversity among directors, leaders, and employees contributes positively to shareholder value by imbuing a company with myriad perspectives that help it better navigate complex challenges. A strong culture of diversity and inclusion begins in the boardroom. See the Board Diversity section above for more on our approach.

### Stakeholders and risk management

In recent years, discourse on opioids, firearms, and sexual harassment has brought the potential for social externalities —the negative effects that companies can have on society through their products, cultures, or policies — into sharp focus. These nuanced, often misunderstood issues can affect the value of corporate securities.

We encourage companies facing these risks to disclose related risk management strategies. When a company faces litigation or negative press, we inquire about lessons learned and request evidence of substantive changes that aim to prevent recurrence and mitigate downside risk. In these cases, we may also support proposals requesting enhanced disclosure on actions taken by management.

### Human rights

Following the 2015 passage of the UK's Modern Slavery Act, a handful of countries have passed laws requiring companies to report on how they are addressing risks related to human rights abuses in their global supply chains. While human rights have been a part of our research and engagement in this context, we seek to assess companies' exposures to these risks, determine the sectors for which this risk is most material (highest possibility of supply-chain exposure), enhance our own engagement questions, and potentially work with external data providers to gain insights on specific companies or industries. To help us assess company practices and drive more substantive engagement with companies on this issue, we will generally support proposals requesting enhanced disclosure on companies' approach to mitigating the risk of human rights violations in their business.

### Cybersecurity

Robust cybersecurity practices are imperative for maintaining customer trust, preserving brand strength, and mitigating regulatory risk. Companies that fail to strengthen their cybersecurity platforms may end up bearing large costs. Through engagement, we aim to compare companies' approaches to cyber threats, regardless of region or sector, to distinguish businesses that lag from those that are better prepared.

### Political contributions and lobbying

We generally support shareholder proposals asking for enhanced disclosure and board oversight of a company's political and lobbying activities where existing disclosure and board oversight are inadequate. This is because

sufficient disclosure and board oversight are necessary to evaluate whether and ensure that these activities align with the company's stated strategy and promote shareholder value.

## **JAPAN-SPECIFIC TOPICS**

### **Capital allocation**

We hold board chairs accountable for persistently low returns on equity (ROE) in Japan, using a five-year average ROE of below 5% as a guide. Our assessment of a company's capital stewardship complements our assessment of board effectiveness without dictating specific capital allocation decisions. We may make exceptions where ROE is improving, where a long-cycle business warrants a different standard, or where new management is in place, and we feel they should not be punished for the past CEO/Chair's record.

### **Cross-shareholdings**

Cross-shareholdings reduce management accountability by creating a cushion of cross-over investor support. We may vote against the highest-ranking director up for re-election for companies where management has allocated a significant portion (20% or more) of net assets to cross-shareholdings. When considering this issue, we will take into account a company's trajectory in reducing cross-shareholdings over time as well as legitimate business reasons given to retain specific shareholdings.

### **Board diversity**

We look for boards on the Japanese Prime Market to have a minimum 10% gender diversity, not inclusive of statutory auditors. For companies on the Non-Prime Market, we will also look for boards to have a minimum 10% gender diversity, inclusive of statutory auditors as applicable. We may vote against the chair of the board (or CEO in the absence of a board chair) where the board fails to meet this level. We expect to be able to support directors where a credible plan has been adopted to increase gender diversity ahead of the next meeting.

### **Board independence**

We reserve the right to vote against the chair of the board or the most senior executive up for election at Japanese companies if the board of directors fails to meet the following independence expectations:

- For companies on the Prime Market without a controlling shareholder, we expect the board to be comprised of at least one-third independent directors.
- For companies on the Prime Market with a controlling shareholder, we expect the board to be majority independent.
- For companies on the Non-Prime Market with a controlling shareholder, we expect the board to be comprised of at least one-third independent directors.
- For companies on the Non-Prime Market without a controlling shareholder and a two-tiered board, we expect combined one-third independence of the board of directors and the board of statutory auditors, and at least two independent outside directors.
  - For companies on the Non-Prime Market without a controlling shareholder and a one-tiered board (with either one or three committees), we expect one-third independence.

We continue to require a majority of the board of statutory auditors to be independent, regardless of the market segments. We further encourage Japanese companies to establish nomination/compensation committees, and to clearly describe the role of the board chair in terms of setting the board agenda and driving accountability.

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