

New England Asset Management Limited

ESG Policy Statement Summary



New England Asset Management Limited (“NEAM”) provides asset management services primarily to insurance company clients on a separately managed account basis with a focus on core fixed income. Generally, our client’s goals and objectives focus on maximising the financial return on invested assets within certain risk parameters.

Environmental, Social and Governance (“ESG”) considerations are a growing focus for many of our clients, driven by regulatory developments and companies’ commitment to more socially responsible business practices. As part of our fiduciary duty to our clients, NEAM is dedicated to understanding the impact of ESG issues on long-term economic growth and ultimately the impact on the resilience of companies, capital markets and our client’s portfolios and to implementing our clients’ respective ESG preferences within their portfolio strategies.

Over time, NEAM has increasingly integrated ESG factors (including ‘sustainability risks’¹) into our investment process and, in order to formalise our commitment to this investment approach, we became a signatory to the Principles for Responsible Investment (“PRI”) in June 2019. We have been guided by these principles in defining how ESG factors are integrated within our Firm.

NEAM acknowledges that values-based investing is subjective and so we aim to tailor each client’s portfolio to their specific ESG preferences and requirements. We also recognise that many of our investment decisions have impacts beyond the financial returns generated. NEAM considers ESG factors in our investment process by firstly measuring and understanding their impact on portfolios within the context of clients’ investment guidelines. In managing client portfolios, we make ongoing decisions based upon both quantitative and qualitative analysis which incorporates ESG factors.

NEAM’s fundamental approach to ESG is an “*integrated approach*” whereby ESG factors are used, where deemed applicable², to complement the traditional quantitative and qualitative research completed by our investment analysts. The integration of ESG factors into our investment opinions has three components:

1. NEAM’s research analysts gather financial and non-financial / ESG information from a variety of sources including third-party investment research. When making investment decisions for managed client portfolios, NEAM includes this research in its fundamental analysis and consideration of risk factors for applicable issuers.
2. ESG research is put into context for materiality as we do with traditional analytic metrics. We do not take the approach that absolute ESG scores / rankings should prohibit investing in specific sub-sectors or issuers unless specifically directed by a client.
3. ESG research is assessed through periodic reviews and evaluated by our research analysts to determine ongoing risk both at the sector and issuer level.

In addition to our “*integrated approach*”, we may also adopt an “*exclusionary approach*” whereby specific sub-sectors or issuers may be excluded from a portfolio based on ESG factors. This approach, which is typically client directed, introduces an additional set of goals and constraints into the process.

We have contracted with third-party ESG data vendors³ to provide us with ESG research and

¹ ‘Sustainability risks’ are defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment per the EU’s SFDR.

² NEAM has access to extensive ESG data for Corporate issuers and Quasi Government issuers (Preferred Stock and Common Stock fall under corporate issuer research). ESG data relating to other sectors is less widely available although we continue to monitor this evolving situation.

³ NEAM’s ESG data vendors include but are not limited to Sustainalytics, Inc., Bloomberg and ICE.

risk metrics to augment the financial analysis done by our sector analysts. NEAM believes that the measurement and reporting of such factors is a key aspect to integrating ESG into our investment process. In 2021, NEAM became a 'Supporter' of the Task Force on Climate-Related Financial Disclosures (TCFD). We believe that a globally consistent, standardized framework for ESG related disclosures is essential in facilitating asset managers to fully integrate ESG factors into investment analysis and decision-making.

NEAM acknowledges the importance of climate change and we support the goal of the UNFCCC 2015 Paris Agreement of limiting the increase of global temperature to below 2 degrees Celsius (preferably 1.5 degrees Celsius) above pre-industrial levels. We commit to supporting those of our insurance clients who aim to play a role in achieving this goal.

The broad area of ESG and Responsible Investing ("RI") is very much an evolving landscape and NEAM is proactive in keeping abreast of the aspects of this topic that impact our clients and that inform best practices for asset managers. We have a dedicated ESG Risk Management Committee which is chaired by our ESG Risk Manager and includes members of Senior Management and representatives from our Investment Group. NEAM is also committed to actively supporting relevant staff in ongoing education and training related to ESG.

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