

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.

Sustainability considerations (including specifically Environmental, Social & Governance “ESG” factors) are an important topic for many of our clients, driven by regulatory developments and companies’ commitment to more responsible business practices. As part of our fiduciary duty to our clients, NEAM is dedicated to understanding the impact of sustainability 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 sustainability preferences within their portfolio strategies.

NEAM has integrated ESG factors¹ (including ‘sustainability risks’²) into our investment process. In order to formalise our commitment to this investment approach, we became a signatory to the Principles for Responsible Investment (“PRI”) in June 2019 and we have been guided by these principles in defining how sustainability 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 sustainability 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 factors¹.

NEAM’s fundamental approach to sustainable investment is an “*integrated approach*” whereby ESG factors are used¹, 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. This 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 apply additional sustainability related parameters within portfolio guidelines such as “negative screening “ or a target allocation to GSSS bonds, for example, however this is typically done on a client directed basis.

We have contracted with third-party data vendors³ to provide us with sustainability research and ESG risk metrics to augment the financial analysis done by our sector analysts. NEAM

¹ Where deemed applicable and data for investment sector permits

² ‘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.

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

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" (the TCFD recommendations have since been fully incorporated into the ISSB⁴) as we believe that a globally consistent, standardised framework for sustainability related disclosures is essential in facilitating asset managers to fully integrate these factors effectively into investment analysis and decision-making.

NEAM acknowledges the importance of climate change, and we support the goal of the UNFCCC⁵ 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 sustainable investment and ESG is a continually 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 Sustainability Steering Group⁶ which is led by our Head of Sustainability 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 sustainable investment.

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4 International Sustainability Standards Board

5 United Nations Framework Convention on Climate Change

6 Group comprised of employees of NEAM Limited and NEAM, Inc.

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