

Voya Investment Management

Proxy Policy



Effective Date: January 17, 2024

Introduction

Voya Investment Management (“Voya IM”) as a fiduciary must vote proxies in the best interest of our clients. To this end, Voya IM considers many factors, including, without limitation, environmental, social and governance (ESG) factors which may impact the investment risk and return profiles of our clients’ investments. As such, the Voya IM Proxy Voting Procedures and Guidelines (“Guidelines”) were developed to summarize Voya IM’s philosophy on various issues of concern to investors and provide a general indication of how Voya IM will vote its clients’ portfolio securities with regard to these issues in order to maximize shareholder value and mitigate risks.

These Guidelines:

- Are global in scope
- Cover accounts managed by Voya IM for which the client has delegated voting authority to Voya IM
- Reflect the usual voting position on certain recurring proxy issues
- May not anticipate every proposal or involve unusual circumstances
- Are subject to change without immediate notification as issues arise; and
- Should not be construed as binding

While Voya IM will vote proxies similarly across accounts for which it has voting authority, Voya IM may, when agreed upon in writing, vote proxies for certain clients or funds in accordance with the client’s or fund’s own proxy voting policy.

Proxy Voting Responsibility

Proxy Committee

Voya IM has a Proxy Committee that is comprised of senior leaders of fundamental equity, compliance, active ownership, ESG investment research, legal, client service, and operations. The Proxy Committee is responsible for ensuring that proxies are voted consistent with Voya IM’s Guidelines. In so doing, the Proxy Committee reviews and evaluates the Guidelines, oversees the development and implementation of the Guidelines, and resolves ad hoc issues that may arise. The Proxy Committee will conduct its activities in accordance with its charter.

Active Ownership Team

The Voya IM Active Ownership team (“AO Team”) is responsible for overseeing the Proxy Advisory Firm (as defined in the Proxy Advisory Firm section below) and voting proxies in accordance with the Guidelines. The AO Team is authorized to direct the Proxy Advisory Firm to vote a proxy in accordance with the Guidelines.

The AO Team works with various Voya IM teams and clients’ custodians to ensure proper set-up and maintenance of all accounts with the Proxy Advisory Firm.

The AO Team collaborates with the investment professionals when voting certain proposals and/or engaging with portfolio companies. The AO Team reviews and, consistent with fiduciary obligations, votes certain proposals on a case-by-case basis and may provide the rationale for such vote to member(s) of the Voya IM Investment Team as defined below.

The AO Team is also responsible for identifying and informing the Proxy Committee of potential conflicts as discussed below.

Investment Team

Members of the Investment Team (defined for purposes of these Guidelines to include Voya IM Portfolio Managers and Research Analysts, collectively the “Investment Team”) are encouraged to submit recommendations to the AO Team regarding the voting of proxies related to the portfolio securities over which they have day-to-day portfolio management responsibility. Input from relevant members of the Investment Team will be considered in determining how the proxy will be voted.

Proxy Advisory Firm

Voya IM uses Institutional Shareholder Services Inc. (“ISS”) as its Proxy Advisory Firm to assist in managing its proxy voting responsibilities. ISS is an independent proxy voting adviser that specializes in providing a variety of fiduciary-level proxy related services to institutional investment managers, plan sponsors, and other institutional investors.

The services Voya IM receives from ISS include in-depth research and vote recommendations based on Voya IM’s custom guidelines. Voya IM also receives in-depth research from Glass Lewis.

ISS coordinates with Voya IM’s clients’ custodians to ensure that all proxy materials relating to the portfolio securities are processed in a timely fashion.

Proxy Voting Procedures

Voting Practices

Best efforts will be used to vote proxies in all instances. However, where it is in the best interest of clients, Voya IM may determine not to vote proxies under certain circumstances including the:

- Economic effect on a client’s interests or the value of the portfolio holding is indeterminable or insignificant, e.g., proxies in connection with fractional shares or securities no longer held in a client portfolio, or proxies being considered on behalf of an account that has been liquidated or is otherwise no longer in existence;
- Extensive jurisdictional requirements that challenge the economic benefit of voting such as meeting- or market-specific restrictions, require additional documentation, or impose share blocking practices that may result in trading restrictions, and
- Ballots cannot be secured by the Proxy Advisory Firm in time to execute the vote by the stated deadline, e.g., certain international proxies with early voting deadlines.

Matters Requiring Case-by-Case Consideration

- The Proxy Advisory Firm will refer proxy proposals to the AO Team when the ISS Benchmark and Sustainability vote recommendations differ. Additionally, the Proxy Advisory Firm will refer any proxy proposal under circumstances where the application of the Guidelines is unclear, appears to involve unusual or controversial issues, or is silent regarding the proposal.
- Upon receipt of a referral from the Proxy Advisory Firm, the AO Team may solicit additional research or clarification from the Proxy Advisory Firm, Investment Team(s), or other sources.
- Proposals may be addressed, as necessary, on a case-by-case basis rather than according to the Guidelines, factoring in the merits of the rationale and disclosure provided.

Securities Lending

Voya IM will not be able to vote on behalf of an account if the account participates in the lending of its securities. When a security is out on loan, certain rights are transferred to the borrower, including voting rights. Therefore, if all the shares of a particular security are on loan on the record date for the company’s shareholder meeting, the account’s custodian will not forward the ballot for the security to the Proxy Advisory Firm for voting.

Conflicts of Interest

Voya IM has procedures to identify and address conflicts that may arise from time to time, including those concerning ISS or its affiliates (each a “Potential ISS Conflict”) and Voya IM or its affiliates, Voya IM clients, certain trading counterparties and / or key vendors of Voya IM (each a “Potential Voya IM Conflict”).

■ *Potential Proxy Advisory Firm’s Conflicts*

Voya IM has adopted annual and periodic assessment procedures in which actions are taken to: (1) reasonably ensure ISS’ independence, competence, and impartiality and (2) identify and address conflicts that may arise from time to time concerning ISS or its affiliates. The procedures include comprehensive due diligence regarding policies, practices, and activities of ISS and its affiliates as well as specific analysis of ISS’ services on behalf of Voya IM and its clients.

■ *Potential Voya IM Conflicts*

The AO Team maintains a Potential Proxy Conflicts List that it used to screen for Potential Voya IM Conflicts.

If a Potential Voya IM Conflict exists, and a member of the Investment Team or the AO Team wishes to vote contrary to the Guidelines, the AO Team will call a meeting of the Proxy Committee. The Proxy Committee will then consider the matter and vote on the best course of action. Additional insight may be provided to the Proxy Committee from internal analysts who cover the applicable security.

The AO Team will use best efforts to convene the Proxy Committee with respect to all matters requiring its consideration. In the event quorum requirements cannot be timely met in connection with a voting deadline, the vote will be executed in accordance with the Guidelines.

A record will be maintained regarding any determination to vote contrary to the Guidelines, including those where a Potential Voya IM Conflict is present, referencing the rationale for it.

Share-blocking Countries

Voya IM does not generally vote proxies in countries that impose share-blocking or for which custodians may impose share-blocking. Voya IM may vote proxies in share-blocking countries if the proxy is listed as non-share-blocking by the Proxy Advisory Firm.

Unverified Accounts

From time to time, ballots may be posted by the Proxy Advisory Firm to accounts designated as Voya IM accounts but not yet verified as such. Voya IM will not vote ballots until the account has been verified as a Voya IM account for which Voya IM has been given voting authority.

Proxy Voting Guidelines

Proxy voting is an important method to protect shareholder rights and maximize the long-term value of the companies in which Voya IM invests.

Consistent with applicable legal and fiduciary standards, Voya IM incorporates relevant factors into our analysis of the long-term performance outlook of a company and the value of its securities. As a signatory to the Principles for Responsible Investment, Voya IM understands that ESG factors can impact the investment risk and return profiles of our investments.

A company’s board of directors and management should act in shareholders’ best interest when establishing effective governance structure and business strategies, while managing risks and promoting sustainability. Accordingly, the guidelines below describe Voya IM’s approach to voting on various issues.

1. Audit-related

The effectiveness and independence of a company's audit committee and the work of the external auditor are an important component in the board's oversight of financial reporting, internal controls, and risk management.

Therefore, proposals relating to audit committee members, audit matters, and/or external auditors may be opposed if there is evidence of failures in oversight including material weaknesses in financial reporting, internal controls without sufficient mitigation, or excessive non-audit fees that may compromise independence.

Voya IM considers shareholder proposals on audit matters involving prohibition of engagement in non-audit services and audit firm rotation taking into account the nature of the non-audit services and various characteristics that reveal the operation and effectiveness of the audit committee and the auditor.

2. Board of Directors' Accountabilities

a. Board Independence

Board and committee independence are critical for ensuring accountability to shareholders and protecting shareholders' investment. Therefore, boards should be comprised of a majority of independent directors and key committees should be comprised exclusively of independent directors, depending on the market requirements.

Voya IM will oppose any executive director serving on a key committee. Voya IM will also oppose a proposal to ratify the executive director's position on a key committee.

Further, boards should generally have an independent board chair. If the board has an executive chair, it must have a lead independent director with very robust roles and responsibilities. Voya IM will generally oppose the board chair, or the nominating committee chair, should a lead independent director not be appointed when the board does not have an independent chair.

Voya IM will generally support shareholder proposals that require the board chair to be independent.

b. Board Composition and Diversity

Boards should be comprised of directors who bring a variety of skills, expertise, experience, and diversity, including gender and racial/ethnicity; and should disclose sufficient information regarding the directors thereby allowing shareholders to assess the boards and the directors' effectiveness and adequacy.

Voya IM will oppose the nominating committee chair and/or members if the board lacks gender diversity.

Voya IM will oppose the nominating committee chair and/or members at companies if the board lacks racial/ethnic diversity and there is a market expectation or listing requirement for racial/ethnic diversity on public company boards.

Boards need to stay abreast of emerging matters affecting the company and ensure they can address these matters. Accordingly, boards should have a robust evaluation process and appropriate board refreshment; and the average board tenure of directors should not exceed 15 years.

Voya IM will oppose the nominating committee chair or members when the average board tenure of independent directors exceeds 15 years.

c. Directors' Commitment

Given the responsibility and commitment required of directors, Voya IM will oppose directors who:

- Serve on five or more public company boards
- Serve on four or more public company boards and is the board chair at two or more of these public companies, withholding support on the boards which they are not the chair

- Serves on more than two public company boards and are named executive officers at any public company, withholding support only at their outside boards, and
- Attend less than 75% of the board meetings each year unless they disclose a reasonable explanation of their absence. Failure of a director to meet the attendance expectations over three years will also result in opposition votes against the chair and/or members of the nominating committee.

d. Board Responsiveness to Shareholder Proposals

Boards should be responsive and transparent if a shareholder proposal received majority support, or a management proposal received low support regardless if the proposal passed. Voya IM will generally oppose the applicable director, committee members, or the entire board if appropriate in situations in which a company has not been adequately responsive to shareholder proposals receiving majority support or management proposals receiving low support.

e. Board's Establishing Shareholder Rights

Boards should establish a governance structure that protects shareholders' interests and does not diminish shareholder rights, including:

- a majority vote standard
- annual elections of directors
- reasonable thresholds for shareholders' to be able to call a special meeting
- the right to act by written consent
- asking shareholders to vote on non-administrative charter or bylaw amendments, and
- adopting a single-class capital structure or a multi-class capital structure *with equal voting rights*.

Should a company implement a multi-class capital structure prior to or in connection with its Initial Public Offering (IPO) in which the classes have unequal voting rights, the multi-class structure should be subject to a reasonable sunset provision.

Voya IM will oppose the entire board if a company has implemented a multi-class capital structure in which the classes have unequal voting rights without subjecting the structure to a reasonable sunset provision.

f. Board's Responsibility for Executive Compensation

As discussed in the Executive Compensation section, boards should develop an effective executive compensation structure that:

- is aligned with company performance and shareholder value
- properly balances the often-competing objectives of maximizing shareholder value, motivating and retaining executives, and minimizing risks
- discloses the approach and rationale for the executive compensation decisions, detailing the specific factors / metrics / peer groups used to develop the program, and
- does not contain problematic features such as
 - excessive compensation and/or severance arrangements
 - reloading of options
 - repricing of underwater options
 - multi-year guaranteed awards that are not tied to rigorous performance conditions, or
 - unnecessarily generous perquisites.

Voya IM may withhold support of directors if the board was not responsive to a “Say on Pay” proposal that received low support, or a “Say on Pay” proposal is not on the agenda, particularly if the compensation program contains problematic features.

g. Board’s Responsibility for ESG Matters

Boards should consider all company stakeholders, including shareholders, employees, customers, and the community in which the company operates and/or serves. Voya IM will generally support reasonable proposals as to the creation of a board level committee overseeing sustainable/corporate social responsibility issues.

Further, boards should have appropriate measures in place for company oversight, including ESG matters. Accordingly, material failures of governance, stewardship, risk oversight, or fiduciary responsibilities, including management of ESG risks, may result in opposition of appropriate directors.

Shareholder proposals relating to such matters should take into account the materiality of the issue, the potential effect on the company’s long-term sustainability/value, and the company’s method to managing such issues. Therefore, boards need to ensure management:

- identifies and manages the company’s ESG risks and opportunities, and
- provides comprehensive disclosure/reporting of how it is addressing their ESG risks and opportunities.

h. Board’s Responsibility for Climate-Related Risks

All companies should take appropriate steps to understand, assess, and mitigate risks related to climate change, and the board should be responsible for the ultimate oversight of these risks. Accordingly, directors will be considered on a case-by-case basis if a company is deemed to be a significant greenhouse gas (GHG) emitter, it appears the company is not sufficiently managing or disclosing these risks and has not set GHG reduction targets or Net Zero by 2050 for at least Scopes 1 and 2.

i. Board’s Responsibilities for Audit Matters

Audit committee members are a vital component in the board’s oversight of financial reporting, internal controls, and risk management. Therefore, audit committee members need to ensure proper oversight is in place to:

- prevent any material weaknesses in financial reporting and internal controls
- avoid excessive non-audit fees that may compromise independence and/or committee, independence due to business affiliation, and
- assess the external auditor’s tenure and competences periodically.

Boards who implement and enhance these fundamental principles will contribute to the long-term value and sustainability of the company. Therefore, Voya IM will generally oppose relevant directors, committee members, and/or the entire board if a director, committee, or the board fails to meet these expectations.

Further, Voya IM will generally support shareholder proposals requesting the company to provide a report or information on matters that are materially relevant to the company’s business and the company does not appear to be addressing the issue or is lagging their peers in disclosing such information.

3. Capital Restructuring

Companies should explicitly disclose the terms and their rationale when requesting to increase common stock or issue preferred shares in order to permit shareholders to evaluate the affect and risks associated with the increase or issuance.

The board’s history of using authorized shares, the purpose and dilutive impact of the request, and the risks that may result if the request is not approved by shareholders will be considered when determining to support the proposal.

Reverse stock splits will generally be supported if there is a proportionate reduction in the number of authorized shares.

Nevertheless, proposals to increase or issue blank check preferred stock, to facilitate an anti-takeover device, or increase stock that has superior voting rights will not be supported.

Merger, acquisition and restructuring proposals will be evaluated on the merits and drawbacks of the proposed transaction.

4. Executive Compensation

As noted above, to be effective, executive compensation programs should align with shareholder value and incentivize management to prudently increase the long-term value of the company. Expanding on that premise, companies should design their executive compensation program to balance the often-competing objectives of maximizing shareholder value, motivating and retaining executives, and minimizing risks. Additionally, the executive compensation program should promote sustainability/corporate social responsibility for the company's stakeholders (employees, shareholders, communities, etc.). Further advisory votes on executive compensation should be put forth annually for shareholder vote.

Given the complexity of designing a compensation program that accomplishes these objectives, the compensation committee (comprised of independent directors) is in the best position to establish an effective compensation program that not only incorporates the earlier objectives, but also adequately discloses the approach and rationale for the executive compensation decisions, detailing the specific factors / metrics / peer groups used to develop the program.

The successful development and implementation of an effective executive compensation program requires that companies engage with its shareholders and other stakeholders to understand and potentially address any concerns shareholders may have regarding the compensation program, particularly if the "Say on Pay" proposal received low support.

Compensation programs **should**:

- align with shareholder interests, including mid- to long-term TSR
- have an appropriate mix between fixed and variable pay (including performance-based pay)
- incorporate challenging performance goals
- use a minimum of a 3-year performance period for the long-term incentive plan
- have a reasonable percent of base pay relative to peers for both the short- and long-term incentive plans
- have double trigger cash and equity provisions in the severance for golden parachute payments.
- include clawback provisions in the case of malfeasance or material accounting restatement, and provide proper incentives for sustainability/corporate social responsibility.

Accordingly, Voya IM will generally oppose a compensation program that does not meet these expectations, and/or has problematic issues outlined below.

Compensation programs **should not**:

- be excessive relative to peers
- contain inappropriate incentives that would not align with shareholders' interest
- have less than a three-year performance period in the long-term incentive plan
- allow for guaranteed, multi-year awards
- include excessive non-performance-based pay elements

- be excessively dilutive to shareholders' holdings
- allow for liberal share recycling, and
- permit repricing or replacing stock options that are underwater without shareholder approval.

5. Social and Environment Matters

Voya IM and other institutional shareholders are scrutinizing an increasing number of proposals regarding social and environmental matters. Accordingly, in addition to the company's governance risks and opportunities, companies should also assess their social and environmental risks and opportunities as it pertains to its stakeholders including its employees, communities, suppliers, and customers.

Specifically, companies should be assessing their risk and opportunities concerning:

- climate change
- environmental management
- diversity, equity, and inclusion
- cyber security
- human capital management
- political and lobbying contributions and activities, and
- social capital.

Companies should adequately disclose how they evaluate and mitigate such material risks to allow shareholders to assess how well the companies are mitigating and leveraging their social and environmental risks and opportunities. Ideally, companies should adopt disclosure methodologies considering recommendations from the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), Global Reporting Initiative (GRI), or EEO-1 to foster uniform disclosure and to allow shareholders to assess risks across issuers.

Consistent with applicable legal and fiduciary standards, Voya IM will generally support reasonable shareholder proposals related to ESG matters, if management is not able to provide a credible reason as to why it should not be supported, *and* if the proposal:

- is applicable to the company's business
- enhances long-term shareholder value
- requests more transparency and commitment to improve the company's environmental and/or social risks
- aims to benefit the company's stakeholders
- is reasonable and not unduly onerous or costly, or
- is not requesting data that is primarily duplicative to data the company already publicly provides.

Consistent with applicable legal and fiduciary standards, Voya IM will generally support reasonable shareholder proposals relating to environmental impact that:

- aim to reduce negative environmental impact, including the reduction of GHG emissions and other contributing factors to global climate change
- request reports related to environmental policies, practices and management including:
 - hydraulic fracturing operations

- recycling strategy
- energy efficiency
- green technology
- renewable energy resources, and
- water-related risks
- request reports related to a company's resource consumption and/or efficiency, and
- requests reports to assess the company's operational vulnerability as well as physical and regulatory exposure to climate change and the global effort to compact it.

All companies should take appropriate steps to understand, assess, and mitigate risks related to climate change, and the board should be responsible for the ultimate oversight of these risks. Accordingly, Say on Climate proposals will be considered on a case-by-case basis.

Consistent with applicable legal and fiduciary standards, Voya IM will generally support reasonable shareholder proposals relating to corporate social responsibility that request companies:

- adopt and promote fair labor practices
- produce reports related to a company's employee diversity and EEO policies
- have or create diversity policies to prohibit discrimination based on sexual orientation and/or gender identity
- produce reports on the diversity efforts of suppliers and service providers
- adopt policies to promote health and safety in the workplace
- disclose its policies, practices, and oversight related to toxic or hazardous materials or product safety in its supply chain
- include applicable environmental and social metrics to executive compensation
- request companies report on and adopt policies to enhance data security and data privacy
- develop appropriate policies to ensure and promote human rights throughout their global operations, and
- disclose political spending and lobbying activities.

6. Routine / Miscellaneous

Voya IM will generally support management proposals that are administrative in nature and are not considered to be detrimental to shareholders.

7. Mutual Fund Proxies

Voya IM shall vote **FOR**

- the establishment of new classes or series of shares
- the hiring and terminating of sub-advisers
- the establishment of a master-feeder structure
- management proposals that authorize the board to hire and terminate sub-advisers.

Voya IM shall vote **AGAINST** shareholder proposals for the establishment of a director ownership requirement.

All other matters should be examined on a **CASE-BY-CASE** basis.