December 2023

Responsible Investment Policy

At Securian Financial, our purpose is to build secure tomorrows. Strong investment practices are at the core of our ability to fulfill this purpose to those who count on us.

Securian Financial Group (Securian) is financially strong and committed to high ethical standards and a connection to the people and institutions it serves. As a mutual holding company, Securian takes a long-term view of managing our company in the best interests of our customers, employees, and other stakeholders.

Securian Asset Management (Securian AM) is Securian's primary investment management subsidiary. Our investment process has been built with a risk and liability management focus, reflecting decades of General Account management experience. Our investment portfolio is designed to meet the current and projected needs of Securian's product liabilities and support the capital needs of the company.

Securian's holistic approach to sustainability encompasses responsible investment practices and reflects the same principles embedded in our business operations, enterprise risk management, and strategic plan.

Definitions

Sustainability at Securian includes, but is not limited to, our commitments as an employer, community member, product provider, investor, and purchaser of goods and services.

Responsible investing is included in our overall sustainability program and refers to the risks and opportunities that stem from incorporating environmental, social and governance (ESG) factors into our investment decision-making and ownership. Material factors include those decisions that affect the financial value of assets or liabilities, operational risks, and strategic outcomes.

Beliefs

Securian believes:

- Our customers come first, and we can deliver solid investment performance, while embracing sustainable portfolio practices.
- In the long run, our investment decisions contribute to the incentives that guide progress and investment in our communities.
- Our investment actions matter, and our stakeholders deserve transparency.
- We can manage sustainability risks within our existing framework.
- Climate change is a critical risk factor, and we consider rapidly evolving physical, economic, and political risks in our framework.
- A market-based approach is the most efficient way to spur innovation and address the concerns around systematic sustainability challenges.

These beliefs are aligned with our support for the collective action reflected in the six principles of the United Nations Principles of Responsible Investing (PRI). Securian and Securian AM have been implementing these principles since 2018 and have been PRI signatories since September 2021.

Investment approach

Our investment approach is aligned with our [values] and reflects the view that sustainability factors can be the source of investment opportunities and risks. Identifying relevant opportunities and risks is fundamental to Securian's investment approach. Our investment toolkit accounts for widely varying drivers across asset classes. Instead of a one-size-fits-all approach, Securian Asset Management works with each of its investment teams to identify factors to inform our responsible investment policies. We pay special attention to how each factor affects our risk of loss, given our position in the capital structure and the term of our investment.

We believe a market-based approach to responsible investing is the most efficient way to spur innovation and address sustainability concerns. Long-term investment returns are dependent on sustainable, economic growth underpinned by a healthy environment, balanced demand, and equitable access to resources. Missteps, or dismissing the need for sustainable growth, may affect company performance through litigation, capital spending, or negative reputational effects.

Concerns about climate change and other sustainability factors are reflected in public policy, the regulatory environment, and the competitive landscape. Ignoring these trends is not in the best interest of our customers and other stakeholders. These trends call for a pragmatic response to the real risks and changes to the corporate playing field. They also amplify the need to incorporate sustainability considerations into our decision-making to maximize investment returns. Good governance and strong social practices support a sustainable, fair, and balanced approach to meeting the needs of stakeholders. These practices strengthen investor confidence and are likely to be supportive of reduced volatility and improved market competitiveness over time.

In short, sustainability considerations can affect investment returns and enhance our decision-making when paired with the traditional, fundamental data that remain at the core of our investment framework.

Purpose and scope

This Policy provides insight into our views and approach to responsible investing.

Investment objectives

All things being equal, we favor investments with a strong sustainability profile as we believe this is often a hallmark of a well-managed, sustainable business model. Securian AM does not have any mandates managed specifically to responsible investing criteria.

Our goal is to help our clients achieve their [business] objectives from a position of strength by:

- Fulfilling our purpose of building secure tomorrows. We support Securian's objectives of maintaining unquestioned financial strength, offering quality financial solutions, and developing highly engaged employees.
- Prioritizing long-term value creation in our investment strategies and decision making.
- Helping our customers understand their portfolios within the context of their values.
- Incorporating an assessment of expected holding periods and industry or issuer contributions to relevant benchmarks.
- Pricing sustainability elements appropriately, while maximizing our investment universe and preserving our ability to deliver performance.

Incorporation approaches

As a PRI signatory, Securian AM applies the [six PRI principles] to our investment strategy as part of our fiduciary responsibility, commitment to transparency and comprehensive approach to risk management.

Responsible investment risks are considered in concert with other fundamental factors. To address investable risks, portfolio managers use a wide range of mitigants, including premium pricing, limits on the tenor of the investment, internal ratings adjustments, sizing adjustments, and “best-in-class” approaches. In addition, portfolio managers may incorporate affirmative goals that strive to capitalize on market rate opportunities arising from sustainability factors.

Non-market rate impact investment opportunities are not addressed within this Policy, but Securian sets aside a portion of its [accounts] for impact investing initiatives to advance sustainability objectives. These opportunities are reviewed separately, on a case-by-case basis within our sustainability oversight process.

Securian’s climate risk framework is aligned with the Task Force for Climate-Related Financial Disclosures (TCFD) guidance and the NAIC’s new climate risk disclosure protocol. Our investment teams work closely with our enterprise risk management team to identify portfolio opportunities and risks within short-, medium- and long-term time horizons. Securian identified eight key factors and two Network for Greening the Financial System (NGFS) climate scenarios to aid in framing Securian’s profile. Relevant portfolio considerations include physical risks and lower asset productivity within our corporate and commercial mortgage portfolios, and greenhouse gas emissions associated with investments. We recognize that sustainability data is nascent and evolving. We seek to incorporate normalized data into our assessment as it becomes available to validate our assumptions, track our risk profile, and set guidelines.

We agree with a comprehensive approach to corporate governance. Well-managed companies balance the needs of all their stakeholders. While integrated elements differ from strategy to strategy, corporate governance is almost always an important influencing factor to our investment decisions.

Corporate bonds and private placements

Our fixed income investment process seeks to identify industry inflection points and idiosyncratic company factors that give rise to mispricings. We believe that strong fundamental research can repeatedly identify these opportunities. Sustainability factors can play a key role at both levels. Sector analysts develop industry sustainability/transformative risk scores based on a qualitative assessment of four to seven relevant factors. This score is one of six equally weighted components in our industry risk rating which helps guide the level of overall risk taken in a given sector. Our analysts incorporate material sustainability risks into the company investment thesis when relevant. Material risks are cited as positives or negatives within the thesis documentation. The risks most frequently cited include extreme weather impacts, environmental legislation, regulations, controversial business activities, and access to a strong workforce. The portfolio is well-positioned due to a high level of diversification, its investment grade profile, and careful sizing of individual exposures.

Commercial mortgage loans

We underwrite commercial mortgage loans with key sustainability considerations in mind, including both physical and transition risks. We are monitoring the frequency of these occurrences and our borrowers’ access to economically priced insurance. We believe our portfolio is well-positioned due to the high quality of borrowers, low loan-to-value ratios, strong geographic diversification, and required flood insurance for any property located in a FEMA flood zone. We are also keeping an eye on transition risks that include higher building efficiency standards and social welfare legislation, including rent control. Our underwriting process includes a Phase 1 Environmental Site Assessment on every property. If this uncovers unexpected risks, we order a Phase 2 assessment to develop a complete picture of relevant issues. We review sponsors and operating entities to identify concerns related to unethical behavior and prior bankruptcies. Last year, we implemented a new due diligence questionnaire aimed at gauging borrowers’ readiness for building efficiency reporting.

Engagement

Within our fixed-income portfolio, our focus is on baseline development. Our new due diligence questionnaire for commercial mortgage loans is based on the approach developed by the Mortgage Industry Standard Maintenance Organization (MISMO). Members of our commercial mortgage team participated in the MBA Green Lending Roundtable and working groups within MISMO and the American College of Mortgage Attorneys (ACMA). Our Private Placement team seeks ESG information within the due diligence process via a pilot program using a Private Placement Investors Association (PPIA)-developed questionnaire, when available. Both initiatives are in the early stages of implementation, and we are working to improve our consistency and adoption before setting engagement goals.

Glass Lewis is Securian AM's advisor for proxy voting on listed stocks. Key guidelines include the following:

- For Russell 1000 companies, we generally vote against the governance committee chair if there is no disclosure of the board's sustainability oversight role.
- We support board-level accountability for TCFD-aligned disclosures for companies with material greenhouse gas emissions like those identified by Climate Action 100+ and would potentially vote against responsible directors when inadequate.
- We are generally supportive of shareholder initiatives that require TCFD-aligned reporting.
- We generally vote in favor of proposals for disclosure of climate-related lobbying, though we are not in favor of proposals to suspend membership in particular organizations.
- We generally do not support, "Say on Climate" proposals in favor of a board accountability approach.
- Proposed Greenhouse Gas Guidelines (GHG) reduction targets are supported on a case-by-case basis by Glass Lewis.
- Renewable energy disclosures and energy efficiency proposals are reviewed on a case-by-case basis by Glass Lewis.

Our approach generally reflects the view that sustainability risks should have board-level accountability and that material failures should be considered in whether to withhold support for responsible board members. Risks include environmental incidents, both direct and indirect (e.g., climate change), negative legal and reputational outcomes and social and regulatory impacts. At this time, we do not provide a summary of proxy votes and outcomes.

Oversight and reporting

Securian AM believes that our stakeholders deserve transparency. In the past year, we developed baseline reporting on several climate metrics and reputational risks. We are evaluating these results to determine where we might appropriately add additional screens and constraints to improve the risk/reward trade-offs within the portfolio. We are committed to sharing our progress as we build upon our strong asset management foundation and evolve our sustainability strategy.

We have also taken meaningful steps to establish clearer accountability for sustainability, including board-level oversight. While Securian's board is ultimately responsible for our sustainability program, it has delegated oversight of certain specific responsibilities to board and management committees. Many of these board committees play a critical role in our sustainability, including our:

- **Nominating and Corporate Governance Committee** which is responsible for our sustainability strategy, polices, governance, and stakeholder engagement.

- **Audit Committee** which is responsible for sustainability and climate-related risks, disclosures, controls and procedures, as well as compliance with laws and regulations and Securian's Code of Ethics and Business Conduct.

- **Investment Committee** which is responsible for Securian's investment activities and commitments to responsible investing practices.

Additionally, in 2022, Securian formed a cross-functional Sustainability Committee and a Climate Risk Task Force to oversee the execution and risk management of our climate-related work. To ensure steady progress and portfolio alignment with our values and stakeholder needs, our Investment Risk Oversight Committee reviews sustainability trends, updates to material factors, and the progress, workplan, and opportunities and risks related to our investment activities. Our investment team works closely with Securian's Climate Risk Task Force to assess and manage climate risks. Our 2022 Sustainability Report outlines how we have made meaningful progress to establish clearer accountability and oversight for our overall sustainability program, which includes responsible investing.

This Policy was developed by Securian's Sustainability Policy Working Group, led by Securian's Chief Investment Officer, in partnership with its Head of Sustainable Portfolio Strategies.

Our team is committed to the ongoing review and improvement to this Policy as we advance the integration of sustainability factors into our investment decision-making processes. Securian AM is proud to align with investment managers across the world in acknowledging the importance of greater accountability around sustainability considerations and responsible investment practices in the asset management industry.