REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Voya Financial Inc at Goldman Sachs US Financial Services Conference

EVENT DATE/TIME: DECEMBER 07, 2021 / 3:40PM GMT

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

CORPORATE PARTICIPANTS

Christine Lynn Hurtsellers *Voya Financial, Inc. - CEO of Investment Management*
Michael Scott Smith *Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman*
Rodney Owen Martin *Voya Financial, Inc. - Chairman & CEO*

CONFERENCE CALL PARTICIPANTS

Alexander Scott *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

PRESENTATION

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

We'll go ahead and get here. I guess, first, I just want to thank everybody for joining us, both in person and virtually. Thank you. And here with us, we've got Rod Martin, Chairman and CEO of Voya. Mike Smith, Vice Chairman and CFO of Voya. And Christine Hurtsellers CEO of Voya Investment Management. So thank you all for being here. Very much appreciate it.

And so the format, I'll fire away with questions. At the end, we will take probably a couple from the audience and maybe one, if there's any -- they come in virtually I've got that covered. So we'll save about 5 minutes at the end for that.

QUESTIONS AND ANSWERS

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

So maybe jumping into it. I thought we could first start with the growth strategy that you all rolled out at the recent Investor Day, I thought maybe you could take us through some of the most impactful drivers fueling the growth of Voya.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Sure. I'll start. And we'll toggle back and forth as usual. But again, thank you for being here. It's good to actually physically be with some people doing these things. .

Alex, on the growth strategy, we talked about the number of fundamental things that I think is very worthy of repeating, and one is we're expecting 12% to 17% EPS growth organically. And let's unpack that a little bit and get under those numbers. We've talked about sharing both revenue growth and margin numbers. And we went back -- and by way of example, with our retirement versus recast what the margin was from the point in time we've been a public company until now to just give more disclosure on that, and we're a much simpler company today, and we felt we needed to begin to show the company in that way as a consequence of an outcome of what we've divested over the last period of time. And one of the things I'm most excited about for the team, for Voya, for myself is 100% of our energy is on growing the company. We are completely done with all of the activities in and de-risking the company. And it just feels really good to be there. So operating margin revenue, and Mike, feel free to jump in.

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

Yes. Okay. I think the EPS growth will be driven by that and certainly also expense management. I think there'll be -- we've demonstrated through the divestitures and ability to remove cost. That's a muscle we've built that we intend to keep and use that to either bring additional benefit to the bottom line if we need to or redeploy those funds for other more productive investments to further our growth. And also capital management is going to be a big part of our ability to grow EPS. And it is actually the single biggest contributor to the 12% to 17%. We've got a long track record of returning capital to shareholders, with nearly $8 billion since becoming a public company, which is well in excess of our market cap at the time we spun out from ING. That continues to be an important consideration for us as we go forward. Always focused though on using that capital in the best possible way for creating long-term shareholder value.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Alex, one more thing I'd add that we talked about at Investor Day, and just maybe to add a little more dimension to it. We talked about a number of new initiatives that if you think about planting seeds for future growth. But that 12% to 17% is not dependent on any of those initiatives explicitly. We've been doing the same thing over the last 3 years, and you'll hear from Christine and from us today, those seeds that we plant, and how they're beginning to really contribute to the company.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

So fully organic growth. And those new initiatives are simply directional to inform you how we're thinking about it, where we're focused. But that 12% to 17% is based on the fully organic, continuing to execute with 100% of our energy around that.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

Got it. Okay. So maybe if we could spend some time on those initiatives. It sounds like it could be incremental over time. Could we dig into the strategy of connecting the health and wealth solutions? And maybe just help us think through what are some tangible things that are being done there, and when it will start to take form?

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Yes. And I want to be clear, they will be important over time. They're just not fully dependent on that right now. Here's what we're hearing from a combination of employers, the consultant advisory community and the employee. Health care costs are going up at multiples of GDP growth. Employers are keenly focused on making sure their employees are valuing their benefit package broadly defined, understand it, and they're offering the most flexible package they can. And advisers are beginning to see this. So we're hearing from the customer, I need to make the best decisions because I'm generally picking in a high deductible health care plan, and there are gaps that, that creates. And we've got with our supplemental benefit offering some really good solutions to that.

And so for the first time in a long time, and I think contributed by the pandemic, I think people have truly reevaluated their work-life balance. And most companies, not all, most companies are moving to some form of flexible schedule or hybrid schedule. And employers are wanting to retain their talented people, attract their talented people. Now use Voya, as an example. We've adopted a hybrid schedule, and we're no longer geographic dependent. If the talent happens to be in a city where we're not in, and this -- and he or she is the best candidate we're welcoming on the board.

So it's a combination of those things where it's a moment in time, I think we would have got there anyway. But I really think we moved forward 3 or 4 years in people reevaluating those things, and the questions that are being asked by the employer, the employee and the advisory community is certainly agile enough to say something's changed, how do we get in the middle of that. So we're being brought into that conversation by the customers. And we're fundamentally a B2B2C company, and this is a movement we're seeing and we want to be at that intersection.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

And maybe just going along the same line questioning, when I think about connecting some of your businesses and having services provided to customers across them, I think historically, you've seen that more prevalent in sort of the smaller sized accounts. So I'd just be interested in hearing about what part of the market you're in? And does the strategy involve sort of going up or down market in anyway?

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

I think it will evolve. And again, historically, if you think about a 401(k) plan, regardless of size of market, that was largely a singular distribution group. It might be different based on the size of the market, focused on that. And for the health care, it might be a completely different group within the company making that decision, the supple benefits -- supplemental benefits, perhaps even more.

The ask from these groups are causing this to come more together. And it's certainly happening more at the mid and a lot higher end of the market, but I think it's going to happen at all ends of the market. Because people need to understand. They're not just making a 401(k) decision. They're making an HSA action. They're making a high deductible health care decisions. They're making a voluntary enrollment decision. And when you have a 2 income household, which most are, they want to make sure they understand, am I leveraging the benefits and the subsidy the company is providing in the maximum way for their family, with both companies. It requires focus. It requires leaning into it in a way that's different. And I think people are looking at it differently.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

So the next question, you guys get this a lot, but I thought I'd ask about capital management. Maybe you can take us through your excess position, the way you think about deploying that capital over time.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Sure. Mike?

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

So we were at the end of the third quarter on a pro forma basis at about $1.5 billion of excess capital. That was pro forma for a $400 million debt extinguishment that we are executing during the fourth quarter. That brings our total capital actions that we've taken up to that point of over $1 billion -- about $1.3 billion, we would have had. And we signaled that we would do roughly $300 million more of share buyback, at least in the fourth quarter. So the total capital actions for 2021 would be $1.6 billion, would be -- or more that we would expect. That is consistent with our track record from the time we became a public company, where we returned over $8 billion of capital to shareholders, as I said earlier.

So nothing is new or different. And at our Investor Day, we tried to reiterate that. But we continue to view that as an important part -- important tool for us to deploy in managing shareholder value and driving that going forward. We did recently also announce a modest increase to the dividend, and we intend to try to aim at a 1% yield. But -- and then the last kind of leg of the stool of capital management is M&A. And we've shared that we're -- and we've been open and we continue to share that we're open. We're very focused on accretion as a key measure of success as well as strong strategic fit. And again, it's always been for us, but I'll repeat that accretion is relative to share buyback, not just absolute accretion, but is it a better use of capital to do this deal.

One thing that was new at our Investor Day, from those of you who followed us, is we did -- in the past, we had said that the accretion needed to happen over 24 months that will need to be accretive by the end of that period. And what we've shared is that continues to be important, but for smaller opportunities, particularly, it may take a bit longer, just given the nature of those opportunities. And we don't want to forgo opportunities that would actually generate a lot of long-term shareholder value just for the lack of it being maybe 30 months or 36 months. So we're creating a little more flexibility for ourselves. But that is not to signal in any way a decrease in the discipline or the focus on driving shareholder value. That remains paramount to us. And I think our track record amply supports that.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

So the next question I had for you all was in Wealth Solutions. And I think it's a competitive business. That's no secret. There's always sort of the pressures of fees and competition for winning business. At the recent Investor Day, there was some conversation of some things that may mitigate some of that, and I think sort of referred to as alternative revenue sources that could help there. So I'd just be interested if you could shed any more light on what some of those are, and how we should think through that.

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

Sure. Well, I say we just fundamentally managing the block to be profitable and be focused on that. If you look at our track record, since IPO, our margin has been between 33% to 36% of operating revenue, right? So we've maintained that. And I think that's very counter the narrative in the retirement business, which is perceived this business under pressure. And that's been because fees have been coming down on a basis point basis. But we've been able to manage our expenses and the block so that in total, we've kept in that range, and we expect to stay in that range going forward. So we do that -- we've done that by managing expenses with discipline, by being very focused on the discipline around our pricing. We've taken action on our block over the last 7 or 8 years to reduce or eliminate unprofitable clients and/or change the nature of those relationships to become more profitable. That will continue to be a very important focus.

And then as your question alluded to, Alex, I think there are new ways for us or new products to bring to bear, such as managed account opportunities that can be brought to certain clients that have a higher -- a new revenue source, I guess, is the way to think about that, and that would be incremental. And we'll continue to look for other ways to bring new services to bear that we can collect fees for. But we'll focus on managing that margin. I think in the retirement business, people forget that there's not just a revenue question. There's also an expense question. And we're continuing to take advantage of the investment we've made and continued improvement capabilities to drive out excess capacity or wasted action. And I think we've been pretty successful, and I expect us to continue to be.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

The other piece I'd add, and we've talked about this before, I suspect most of you are aware. If you look at the top 10 players, in broadly what we call wealth but the retirement space. 10 years ago, they had about 50% of the AUM. Today, it's 75%. We're fifth or so in that mix.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

And the market is quite efficient at distributing that business around those top 5 or 6 players for lots of reasons that are probably highly sensible.

And so the top 5 to 10 players have been growing quite nicely. There are 50 other players that are in the market and probably very challenged in terms of their effectiveness of their book of business. And what will happen with that, we'll see. But if you think about the diversity of how that business is awarded through the RFP process, we feel we've been gaining share over this period of time. We've added, Mike, a couple of million new participants organically over the last few years. And we serve a variety of markets, and we think the distribution platform we have is a real advantage. So I think we're going to continue to grow in the way we are, and I think the margin will be in the range that we've talked about, which is higher than most.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

Got it. Next one I have for you is on the new accounting that's coming in 2023. I think you all have shed a lot of the businesses that are sort of in the bull's eye of this accounting regime, but thought that maybe you could still spend a moment there to help us think through like what parts of the business that you have are still impacted? And if there are any other thoughts you can share on it?

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

Thank you for the question. As you said, we've shed the businesses that are largely going to drive, I think, the potential for big adjustments that will occur. And those of you who follow the industry, [Aflac] announced some changes. They're a bit ahead of everyone else. I think the majority of the industry will be probably into '22 before they're sharing some of those impacts. For us, I'm expecting it to be pretty small as a consequence of those actions that we've taken. We haven't given direction in terms of absolute magnitude or the sign in terms of the book value impact. It will certainly simplify things for us. DAC unlocking, which is kind of the [vein] of many people people's existence, is going away, right? So DAC will become easier to understand, and there won't be these onetime charges that in the insurance industry, and for us, comes through mostly in the third quarter.

So we have some annuity business that will have a modest effect. There will also be some effect on the reinsured portion that -- of the life business that we've moved on, but more to come on that when we get to the place. This is really complicated. And there's a lot of work to be done, and especially to do it in a way that's well controlled and manageable going forward. So it's going to take us a little more time before we get to those numbers.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

So the next one I had is on Investment Management system, maybe For Christine. I'd just be interested if you could help us think through some of the growth objectives you have in some of the areas you're specifically focused on.

Christine Lynn Hurtsellers ***Voya Financial, Inc. - CEO of Investment Management***

Yes, certainly, Alex. So some of the key things that we're really working on would be expanding our private and alternatives offerings in the market. And so when you look -- and why is that a couple of reasons. I mean just generally, the world seems to really feel like they have too much liquidity on balance sheet and that they see better opportunities there across all client basis. But specifically, we have a very formidable group of insurance companies that we are very proud to call our partners and our clients. And they particularly in this low rate environment, given that they have long [tenored] liabilities, continue to look at that.

So what are some examples of some things that we're working on. We are working on 2 commercial real estate step-outs. One will be oriented around green and impact investing, which people are very interested in. We continue to work on a -- more of a higher return securitized offering, just as a couple of examples. And so again, it's bringing those differentiated products that are going to drive higher fee products as well as within our general alternatives business, something the very small little quiet engine in the background, but we're really very optimistic to monetize would be selling private asset classes to high net worth and ultra-high net worth individuals. And so as an example, we have a fund in our secondary private equity business that we have called Pomona, and that thing has over 7 years of a track record, handily outperformed all its peer groups. And we've learned a lot of lessons over time. We added 5 new distribution people in our ecosystem last year in what you would call intermediary to know how to sell that. And we've got that fund on the finish line of 2 really large platforms in the U.S. to adopt. So what are we doing concisely. We're continuing to drive alpha and client experience, but we are focusing our investments more in those private markets, both institutionally for insurance companies as well as retail.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

And Alex, if I could just build on a point that Christine made, and maybe have her expand it. We started green shoots 5, 6 years ago, offering these capabilities to other insurance companies. Today, you have 47 insurance companies and growing, both in number and frankly, the mandates or the solutions they're seeking and the capability of offering those solutions. And so again, another example of investments we made organically in the business that if you look 3, 5 years into it, which is where we are now, substantial as we did with the supplemental benefit business. That was organic. A dozen years ago, Mike played a very large role in getting that focused. And now we're a top 4 or 5 player in the marketplace. So again, organically.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

Thanks for all that. Maybe shifting gears back on to Wealth Solutions for a moment. I was just interested if you could provide any commentary on the outlook for flows there. What you think about growth, and how much of it comes to the net flows?

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

Yes. Look, I think we feel like there's -- there continues to be a robust expectation for growth in retirement going forward. In the Wealth Solution, I've done it. So the -- in the wealth business going forward, right? We guided to continued substantial growth in recurring deposits. And I think that's going to continue. That I think is the underlying indicator of health of that business is that those are the flows that come in week-after-week out of paycheck that people are cutting. And if that's growing around 10% to 12%. I think that just shows the fundamental strength of the underlying platform.

We also have a robust RFP pipeline coming through for both our Full Service and our recordkeeping business. The Full Service business is up mid-teens year-over-year in terms of the number of RFPs we've seen in the -- we saw in the third quarter, continue to think that that's going to -- the activity there will likely continue to be strong. 2020 was probably not as depressed as you might think in terms of activity, but there was a small drop off. So we're seeing kind of a return to a really healthy pipeline there.

On the recordkeeping side, also we see good growth -- That tends to be a little more chunky. Full Service is smaller cases. It tends to have a nice kind of level of flow, although that can be a little bit chunky. Recordkeeping comes in big chunks sometimes. We've won $20 billion to $25 billion clients in a given quarter. And so that can create a degree of discontinuity, if you will. But we feel good about the overall positioning there, and where we see it growing. So that is a -- when it drives the -- along with a couple of other factors going to be a big part of how we drive revenue growth and maintain margins. And that's going to be the story for wealth is growing revenue 2% to 4% while maintaining margin. And I think that's going to be -- as a big player that's going to have a meaningful impact on Voya earnings overall.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

And maybe moving to the group business or Health Solutions, I should say. What are the impacts from thinking through the labor market, wage growth. There seems to be some tailwinds at your back, and I'll get to COVID-19 impacts on Group Life and so forth in my next question. But maybe to focus on some of those tailwinds in group. What is the environment for you guys there? And how does that impact things?

Michael Scott Smith ***Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman***

Well, look, I think the employment market and the amount of competition for workers only plays to our benefit, right? I mean because we think that employers will continue to want to use their benefit packages to attract and retain employees. Rod talked earlier about high deductible health care plans and voluntary benefits. There's still plenty of employers that are introducing those or have recently introduced the high deductible health plan that don't have Voluntary benefits or don't have the full suite of benefits, and we continue to see meaningful portions of our Voluntary sales are in brand-new opportunities where we're not replacing another carrier, where we actually are the first to offer that kind of product within that environment. And those opportunities remain a substantial portion. I think it's in the neighborhood of 40% of our sales, are brand new.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

And all sizes of the market.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Michael Scott Smith *Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman*

Yes. And as someone who's been in the insurance industry a long time, being the brand new -- having something brand new that no one has had before is a rare opportunity. And that's why the Voluntary business -- and one of the main reasons the Voluntary business has been growing 15%, 20% a year for the last several years, right? So I think the theme here throughout has been that I think employers are recognizing the value of benefits, the value of creating a more comprehensive offering to employees. I think employees are going to continue to demand that as they get more used to integrated offerings in other parts of their lives. And then they're going to -- they're looking at this benefits thing and say, this is not always all that helpful. So I think that's where the opportunity for us is a uniquely positioned health and wealth provider to bring that story together to create better outcomes for employees, which will then create better opportunities and outcomes for employers. And so I think the current environment is only a positive for that.

Rodney Owen Martin *Voya Financial, Inc. - Chairman & CEO*

And I think the change in the market over the last couple of years is the ask from the customer and help me make better informed decisions because it's complicated. We kid about this, but it's not -- it's real. People generally spend more time weekly picking their Netflix selection than they do their annual enrollment. What did they do last year, did move forward? That's probably not maximizing what's being made available to them and helping them make the best choices. And that's the real difference that we see in the marketplace.

Alexander Scott *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Got it. Maybe next, if you could just comment on sort of the COVID-19 impacts, the fact you -- from a mortality standpoint, from a disability standpoint in the group business. And if you have any thoughts on repricing the need to kind of start going through that process.

Michael Scott Smith *Voya Financial, Inc. - Executive VP, CFO, Interim Chief Risk Officer & Vice Chairman*

So the impact for us has primarily been on the group life side. We don't have disability. We write disability, but we reinsure it 100%. So we don't have any of that risk on our balance sheet. Our guidance has been that we'll be between $1 million and $2 million of claims for every 10,000 U.S. deaths. I think the ongoing development of the pandemic and the last Delta wave, and then whatever is going to come, I think it makes it very difficult for anyone to try and predict how many U.S. deaths are going to be from COVID over the balance of this year as well as into '22. So we're simply stick to the -- we think we'll be in that range.

I think given recent experience, and what we've seen in terms of a shift in the proportion of desks that are more working age. I think we're probably going to be to the higher end of that range. So based on what you see in terms of the CDC results and overall deaths, you can probably try to at least get a sense of what the expectation will be. And then if you choose to try and predict what COVID is going to do over the next 3 or 4 quarters, then you can certainly just translate it. But I think it's difficult to see how it's going to ultimately unfold.

And in terms of pricing, Alex, given the uncertainty around it and given the nature of the relationships we have, we tend to write group life in larger clients with more 3-, 5-year guarantees. We don't really see this as a significant pricing issue per se. And for us, it's been very manageable. I mean we've had, I think, $85 million of claims over the last -- over a rolling 12 months basis as of the end of the third quarter. We still had a very solid year from a Health Solutions results standpoint. And so I think we're -- we continue to feel like we're in a pretty good position there.

Alexander Scott *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Right. Next question I have is on succession planning. So I thought I'd open that up to you around if you have any thoughts on just how that process is going?

Rodney Owen Martin *Voya Financial, Inc. - Chairman & CEO*

Sure. Happy again to just kind of reground people. We announced in the first quarter of 2021 that I was extending my employment agreement happily through the end of '22, and that we would -- we've been engaged in and we'll continue to be engaged in what I think is a very thoughtful and orderly succession process through '22. It is my intention to retire at the end of '22 as the CEO. There will be a new CEO of Voya. And it's given the Board, it's giving me even more time to work with the team that's done, I think, such a good job in executing over the last 8 years to help make that decision. So it's -- there's no change of that. But I think a number of people have maybe

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

thought or wanted or expected an announcement earlier in the year. We're going to take advantage of the year. But in terms of the big picture, there's no change in the approach or the philosophy. I think the company is ready for that. It is time to pass the baton.

I'm thrilled to have been part of what we've done over the 10 years, and very much appreciative of being part of setting the stage for this plan. I mean, Mike and the team have spent the last 2 years with the Board with COVID, working very heavily on the 3-year plan we just introduced. And I'll be here for the first full year of that. And I think you're just going to see a continuation of what we've executed.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

Great. So at this point, maybe we'll open it up if there are any questions from the audience.

Great. I can keep firing away here. So as you think through some of the efficiencies and so forth that you're planning on taking out, and investing in the business, maybe you could help us think through like some of the areas of investment as well as how some of that will lead to kind of further efficiency in the margin.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Maybe Christine will start, and then Mike will go to the other businesses.

Christine Lynn Hurtsellers ***Voya Financial, Inc. - CEO of Investment Management***

Yes. Yes, certainly. As far as areas of investment within the teams. One of the things that we continue to do is add origination capacity, meaning loan officers and investors in commercial real estate, as one example. I mean we have more demand in an unfunded pipeline. We -- our constraint is just the human beings to underwrite the loans and get the money put to work. So continuing to organically think about where can we add capacity into the private markets? So I give an example. About 2.5, 3 years ago, we did a team lift out of an infrastructure debt team that focuses on renewables. And we finally -- we've got 2 debt funds. And first funds are not the easiest thing to get off the ground. And we did it, and we actually closed 2 funds this year in 2021, and that was all organic. So behind the scenes, we continue to drive towards expense efficiencies and margins, but we also have to invest back in the business. And another key area, too, that we are investing our money in is ESG. And it's talked a lot about in the industry, but I would tell you that I think that -- so I was a little concerned that we were behind the 8 ball a little bit here.

And we have been very judicious. We've invested quite a bit, and we're actually now leading from my view. When we engage clients, including in Europe as they do things. And so I think that's going to continue to matter more and more. I know the market is talking about it a lot. But I will tell you, we're getting so many inbounds. The bar is higher and not only are they asking you certainly for environmental disclosures. We're very engaged around a diversity, equity and inclusion and what you're doing with the S, what your employees are saying about you. And I am just so excited and thankful to be part of Voya under this team's leadership. All the work before it was a thing. We were out there, if you look at our old deck, before anybody really cared, we were talking about our people, our ethics. And I'll never forget -- just a quick little story. I'll never forget a very large global consultant, one of the largest about 6 years ago, I said, why aren't you asking me about diversity in one of those final -- they didn't care. Today, every single person cares about what you're doing with your people.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Yes. Alex, if I can just build on that just a little bit. The other part kind of gets back to the same focus on what do we see difference in the marketplace with what the customer is asking, what the intermediaries are asking, what the companies are asking. From an ESG perspective, we were addressing that largely within the 3 businesses that we had. But we weren't packaging it necessarily in aggregate. And that's exactly what we needed to do. Christine happens to be the senior leader that raised her hand and said, let me help coordinate this across Voya. And what we found is there was a lot going on that not other groups understood. So when we offer that -- and this is being -- I mean the AI of the marketplace looking at what a company says and what then the real results of the company is from a -- I mean this is the bar has been raised, and we've been fortunately one of the early leaders in this, but we need to keep laying in to go there, but they're asking for the whole company. They're not just asking what does investment management look like or what does the retirement platform look like. It's what does Voya look like. And we've been very fortunate to be in Barron's, by way of example, the highest ranked financial services company for the 3 years that they've done this. And it matters. Christine, maybe talk about. We can't name the company, but we just had a mandate that we won that was pretty substantial and fully based on this.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

Christine Lynn Hurtsellers ***Voya Financial, Inc. - CEO of Investment Management***

Yes, absolutely. And again, it goes to clients and due diligence. And so we did win a well over $1 billion credit mandate with one of the leading technology companies in the world. And when we were doing the due diligence, they asked us very deep questions. We spent 1.5 hours on ESG and diversity and inclusion. With me, they wanted to sit down with the CEO of the business. And then we walked away, they said, we feel like we're looking in the mirror. So that was really gratifying. And so listen, it's a commoditized business in many respects, in certain sectors that we operate. And when it comes down to the finals, you can be against 3 people that we have top decile investment-grade credit returns over multiple years, right? But there are great competitors out there. But at the end, it's that engagement and that touch point that really matters. It sets us apart in these wins.

Alexander Scott ***Goldman Sachs Group, Inc., Research Division - Equity Analyst***

All right. Well, it looks like we're out of time. So we will stop there. Thank you all for joining us.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Thank you, Alex.

Christine Lynn Hurtsellers ***Voya Financial, Inc. - CEO of Investment Management***

Thank you.

Rodney Owen Martin ***Voya Financial, Inc. - Chairman & CEO***

Thank you, everyone. Appreciate it.

Christine Lynn Hurtsellers ***Voya Financial, Inc. - CEO of Investment Management***

Really appreciate it.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Briefs are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT BRIEFS REFLECTS REFINITIV'S SUBJECTIVE CONDENSED PARAPHRASE OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT BRIEF. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2021 Refinitiv. All Rights Reserved.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.