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# RESPONSIBLE INVESTMENT POLICY

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## OUR MANDATE

Hotchkis & Wiley's overarching goal is to deliver long-term performance that meets or exceeds our clients' expectations and objectives, without assuming undue risk. Corporate behavior can meaningfully influence the risk/return profile of a business and impact its long-term sustainability. Consequently, we believe that evaluating whether a company acts in a responsible manner will impact long-term risk-adjusted performance and we are committed to incorporating such analysis into our investment process consistent with our fiduciary obligations.

## OUR PHILOSOPHY

The firm's responsible investment philosophy is dictated by the following core principles:

- The principal goal of the firm is to deliver exceptional long-term risk-adjusted performance for our clients.
- Environmental, social, and governance ("ESG") factors should be considered when analyzing an existing or prospective investment to the extent such factors influence its risk and/or return profile.
- Specific ESG factors vary greatly by geography, industry, and even company to company, which should be thoughtfully factored into our research approach.
- As signatories of the Principles for Responsible Investment ("PRI"), we are committed to abiding by and supporting the organization's core principles.

## OUR APPROACH

We segment our approach into four categories to better define our objectives and expectations. These categories are not independent of one another and are integrated throughout our investment process.

### General Research

Responsible corporate behavior can influence the sustainability of a business and should therefore be incorporated into the normal course of our bottom-up research process. This does not mean that we are precluded from investing in certain industries /companies but that we should consider each company's behavior as it relates to ESG issues. If we determine that the company's approach to ESG impacts the company's economics and/or sustainability, our investment decisions will be influenced accordingly. We explicitly score each company on fundamental risk ratings which includes ESG criteria. In making these assessments we rely on data disclosed by companies, direct dialog with the companies, and reports from third parties.

### Engagement

We engage with companies on a wide variety of investment issues including ESG matters. In general, we can influence positive change at many of the companies in which we invest. Our deep understanding of the company, our relationship with senior management, our desirability as a shareholder, and in many cases significant ownership position are just a few of the reasons we can make a difference and collectively, the reason we engage. We will engage on (i) material ESG risks and (ii) important proxy-related matters. If during our engagement, the company does not appear to have a viable plan to address material ESG concerns, we may escalate our engagement. This escalation may involve voting proxies against management's recommendations or against the election of board members. It may also involve the reducing or divesting of positions altogether. If the company expresses a willingness to address material ESG concerns, the analyst will monitor the progress to ensure accountability. Our Engagement Policy and activities are documented and reviewed by our ESG Investment Oversight Group.

### Proxy Voting

Our primary responsibility is to act as a fiduciary for our clients when voting proxies. We evaluate and vote each proposed proxy in a manner that encourages sustainable business practices which in turn maximizes long-term shareholder value. Our proxy policy incorporates E&S issues as well as specific voting guidelines on important governance issues. Proxy voting is core to our investment process, as such, our investment analysts vote each proxy. Any exceptions to policy are documented by our analyst and reviewed by our Proxy Oversight Committee and ESG Investment Oversight Group. Our proxy policy is reviewed annually. Conflicts of interest are adjudicated by the Proxy Oversight Committee.

### Responsibilities and Oversight

The firm's portfolio managers and analysts are accountable for making investment decisions and constructing portfolios. Accordingly, the investment team will implement our responsible investment policy. The research analyst is responsible for identifying and assessing material ESG risks. The sector teams and PMs are responsible for reviewing the analyst's assessment of ESG risks.

The ESG Investment Oversight Group is comprised of senior investment team members and is charged with overseeing all ESG investment-related matters. These matters include ESG education, process effectiveness, process improvement, ESG policies and procedures, and any other investment-related ESG issue.