

Introduction

Westwood is a global investment and wealth management firm. We are committed to exceeding our clients' expectations through exceptional performance and ethical conduct. Our active, fundamental, bottom-up approach is combined with a strong emphasis on managing downside risk in our pursuit of alpha. We provide high-value investment strategies, values-based advice and exceptional client service.

Our focus on transparency, corporate governance, values and character-based principles, ethical conduct and giving back to the communities in which we operate is core to our values. Diversity also is an important part of our culture and identity. While less common in asset management firms, half of our employees are women — with many in senior-level positions. Nearly 40 years ago, we established a distinct corporate culture around renowned basketball Coach John Wooden's Pyramid of Success™, which is a sustainable roadmap for being a better person and team excellence. The life principles summarized in the Pyramid of Success have no explicit reference to investments, but over the life of our firm, they have been instrumental in how we serve clients, view our investment responsibilities and operate as a responsible and inclusive company.

Westwood is a signatory of the United Nations Principles for Responsible Investment (UN PRI) and is committed to adopting and implementing responsible investment principles in a manner consistent with our fiduciary duties to clients. We support the Principles of Responsible Investing and recognize the importance of considering Sustainability or Environmental, Social and Governance (ESG) issues as part of our overall investment process. Our commitment is linked to our investment process across our high-conviction equity and outcome-oriented solutions.

Across our diverse set of strategies, we take a fundamental, financial materiality-based approach to identifying high-quality companies and sound businesses around the world. Material ESG-related issues are important in conducting bottom-up, fundamental analysis and to evaluating the merits of company strategy, downside risk and valuation. Sustainability is directly linked to the bottom-up, fundamental assessment of companies and has always been an input to our analysis.

Rationale

Coach Wooden is a role model to all of us at Westwood as we aspire to maintain a culture of teamwork, integrity and valuing client interests ahead of our own. Our overarching investment objective is to create superior outcomes by delivering positive alpha, attractive risk-adjusted returns, superior client service and positive outcomes for all our stakeholders. Westwood includes material ESG issues in our investment process because it improves our fundamental analysis, enhances our investment decision-making and aids in creating resilient portfolios. Our understanding of a company's ESG characteristics is a component of a holistic, fundamental assessment including management quality, downside risk and future performance.

Westwood includes ESG issues in our corporate operations because it improves our ability to create an environment that values true diversity, inclusiveness and transparency and a culture that values diversity, inclusion and collaboration, fosters and supports employee growth creating a company built for the long term.

Approach

Governance

Westwood is committed to strong corporate governance. Westwood's board of directors plays an important role in our efforts. With the responsibility of ensuring the interests of our shareholders are represented and that Westwood is fulfilling its fiduciary duties, the board regularly receives updates on our ESG efforts. Westwood's board of directors have deep industry experience. Interaction between the board and those responsible for ESG efforts is a key element in our implementation.

We disclose information about governance and our ESG practices through our Annual Report, Proxy Statement and on our website. [Westwood Holdings Group Website Link](#)

Implementation and Oversight

Westwood has multiple avenues for implementation and oversight.

Westwood is committed to the successful integration and promotion of ESG at both the corporate level and investment level. We have established two governing structures to ensure we have the strategic influence and leadership required to create a clear corporate sustainability strategy across the business. The separation of responsibilities among the two governing structures was designed to ensure proper accountability across the firm.



Responsible Investment Committee

The Responsible Investment Committee was established to consider matters related to the maintenance, development and implementation of Westwood's responsible investment practices to serve our ESG policy. The committee governs and is represented by multiple investment units with the following primary functions:

- Monitor, evaluate and respond to evolving best practices in responsible investing
- Periodic reviews of and collaboration regarding responsible investing practices of each investment team
- Determine implementation on any firm-wide responsible investment initiatives (integration across entities)
- Review/approve ESG data vendors
- Proxy – approve and oversee implementation of responsible investment related proxy voting practices
- Monitor/oversee engagement activities
- Provide responsible investment training for staff
- Monitor reporting on responsible investment practices
- Other matters related to responsible investing

Corporate Responsibility Committee

The Corporate Responsibility Committee was established for the oversight and implementation of our corporate sustainability strategy and ESG policy. The committee governs as a cross-functional team designed to engage leadership across investment units and key corporate functions to provide oversight as well as strategic guidance. The committee governs and serves the following primary functions:

- Monitor and oversee the reporting on ESG integration at the investment level for the UN PRI
- Oversee firm sustainability initiatives
- Promote and provide ESG training across the firm
- Review the firm's ESG and corporate sustainability practices to determine and recommend strategy
- Monitor and respond to material or escalating ESG issues
- Proxy voting – monitor guidelines used by our proxy administrator to ensure they align with our ESG policy
- Consider, validate and address ESG membership across the firm



ESG Integration

We believe ESG integration can provide insight into the future financial performance of a company and can be linked to investing in high-quality businesses over the long term. The essence of how we consider ESG issues as part of our investment analysis and decision-making process is consistent with how we have historically analyzed companies in our portfolios.

Across our strategies, ESG analysis is designed to focus only on financially material factors. We support this approach with an explicit acknowledgement that fundamental analysis of ESG is highly nuanced by security (sector, size, geography) and investment strategy (holding period, position size, share rights). The specifics of integration and execution are left to the discretion of the investment teams.

All our investment teams have access to multiple third-party ESG metric providers (MSCI-ESG, Glass-Lewis/Sustainalytics and Bloomberg) and often establish their own inputs. For example, our investment team conducts extensive interviews with prospective company management teams, which may provide important insights on the quality of leadership or a better understanding of risks and opportunities.

U.S. Value:

In the first step of our investment process, a Research Analyst will conduct deep, forward-looking research, which includes evaluation of financially material ESG factors. These inputs ultimately are integrated into a proprietary financial statement projection and included in an analyst's risk and reward analysis. All of this rolls up into an investment recommendation that is presented to a wider group of peers who review, challenge and ultimately authorize each addition to our approved list.

Select Equity:

Our Select Equity team leverages research conducted by Research Analysts across the firm's investment platform. When considering additional securities, the investment team integrates the evaluation of financially material ESG factors into a fundamental assessment of a potential investment which is integrated into a thorough evaluation of risks and opportunities.

Multi-Asset Team:

Our Multi-Asset team includes ESG analysis when performing fundamental analysis on companies. Research conducted by Research Analysts across the firm's investment platform is leveraged when the Multi-Asset team is considering the merits of securities of companies that they may have under their coverage. In addition to incorporating a review of ESG metrics in analysis, they have established a proprietary rating scale based on an individual company's ESG characteristics that allows flagging of lower-quality ESG scores at both the individual investment and portfolio level.

Last, regular meetings with our independent Risk and Performance Analytics team assists investment teams to remain apprised of relevant ESG metrics while also ensuring appropriate positioning relative to strategy guidelines, client objectives and market risks.



Proxy Voting

Westwood views proxy voting rights as valuable portfolio assets. Our overarching principle is to exercise voting responsibilities solely in the best interests of our clients. We see proxy voting as a means of addressing corporate governance issues and encouraging corporate actions that enhance shareholder value. Westwood has selected guidelines from a third-party proxy research service, Glass-Lewis, that we believe create value for our clients and cover most proxy issues. The Investment Operations team, which includes the head of data

governance, serves as the administrator responsible for overseeing the implementation of our proxy voting policy. Westwood's Corporate Responsibility Committee, in collaboration with our investment team's bi-monthly review of ballots, views the proxy voting guidelines on environmental and social issues as laid out by Glass-Lewis policy are in alignment with our financial-materiality based view of ESG integration. Glass-Lewis policy states that it will vote in favor of such items when there is a clear link between the proposal and value enhancement or risk mitigation. Our goal is to vote all proxies, and, in most cases, we agree with and follow the recommendations of our proxy research service. However, we will vote in opposition to the Glass-Lewis recommendations when we feel it is in our clients' best interest. A summary of voting is sent to each client for whom proxies are voted, on an annual basis. Westwood maintains complete files on proxy voting for all clients. These files include a listing of all proxy material sent on behalf of our clients along with individual copies of each response.



Engagement

As part of our fundamental research process, our analysts conduct meetings with company management and investor relations to understand strategy, execution and financial strength. These meetings happen both in person and during investment conferences and calls. Westwood does not set and track engagement objectives. When ESG issues are of specific concern, our team seeks to understand how the company plans to address them and view this from a "tracking" perspective over time.

1.28.2021