



Environmental, Social and Governance

ESG Policy

Learn more at
westwoodgroup.com/esg

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Introduction

Westwood is an 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 seek to 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, diversity, and giving back to the communities in which we operate is core to our values, culture, and identity.

Nearly 40 years ago, we established a distinct corporate culture incorporating renowned basketball Coach John Wooden's Pyramid of Success™. Coach Wooden is a role model to all of us at Westwood and his Pyramid of Success is a sustainable roadmap we aspire to maintain with a culture that values teamwork, excellence, integrity and placing client and stakeholder interests ahead of our own. 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 company. Over the last four decades, our mission has been to improve the lives of our clients and the greater communities in which we serve and the key principles of ESG have always been a part of our investment processes and corporate governance.

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 across our equity and outcome-oriented solutions. The UN PRI's six principles for Responsible Investment offer investors a menu of activities to incorporate ESG issue into the investment process, enhance returns and manage risks. As signatories, we recognize the importance of considering Environmental, Social and Governance (ESG) issues as part of our overall investment process and support the organization's efforts to encourage and develop a more sustainable global financial system.

Westwood's ESG efforts at the firm level encompass the following six areas:

1. Governance
2. Responsible Investing
3. Environmental Impact
4. Diversity, Equity and Inclusion
5. Community
6. Privacy and Data Protection

Governance and Oversight



Westwood is committed to the successful integration and promotion of ESG at both the corporate level and investment level. We believe a long-term perspective when considering the implications of our business decisions on all stakeholders creates an environment that allows us to add value for shareholders over time. We also believe that we should demonstrate our commitment to the same principles and fundamental characteristics that we expect of the companies we invest in, which includes a sustainable competitive advantage, conservative balance sheet and commitment to value creation.

We have separate 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 governing structures ensures proper accountability across the firm.

Board of Directors

Westwood's Board of Directors ("Board") 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 interacts with management to ensure that stakeholder interests are considered. Management provides the Board with regular updates on our ESG efforts. Collaboration between the Board and those responsible for ESG efforts is a key element in our implementation.

Westwood's Board has deep industry experience, and a majority of the members are independent. We believe this helps ensure strong oversight of our business.

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

ESG Steering Committee

Westwood's ESG Steering Committee is responsible for ensuring the effective execution of the firm's overall ESG strategy. Along with our CEO, this group sets the strategic direction of our ESG agenda, oversees implementation and reviews our ESG strategy with Westwood's Board of Directors.

The group comprises senior leaders of the firm, including our Chief Financial Officer, General Counsel, Head of Risk and Performance Analytics and Head of Human Capital. The committee's primary functions:

- Active involvement in setting and guiding the firm's ESG mission and vision
- Review and monitor the firm's ESG and corporate sustainability practices
- Approve and monitor ESG Committees
- Consider and approve the firm's membership in ESG organizations
- Approve ESG Policy
- Report on ESG-related activities to the Board

Corporate Responsibility Committee

The Corporate Responsibility Committee comprises members representing various departments across Westwood. The committee governs as a cross-functional team designed to inform and assist leaders across investment units and key corporate functions in the implementation of the firm's ESG policy. The committee serves the following primary functions:

- Implementation of ESG mission into departmental strategy
- Promote and provide ESG training across the firm
- Monitor and respond to material or escalating ESG issues
- Provide training on ESG-related topics to staff
- Other matters related to implementation of ESG Policy within departments

Responsible Investment Committee

The Responsible Investment Committee was established to consider matters related to the development, implementation and maintenance of Westwood's responsible investment practices. The committee is represented by multiple investment units, in conjunction with Compliance and our Risk and Performance Analytics team, 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 and determine implementation on any integration across entities
- Review, recommend and approve ESG data vendors
- Proxy voting – monitor guidelines used by our proxy administrator to ensure they align with our Proxy and ESG policies and oversee implementation of any responsible investment views related to proxy voting practices
- Monitor, oversee and report on any engagement activities
- Provide responsible investment training for staff
- Monitor reporting on responsible investment practices
- Other matters related to responsible investing

Responsible Investing

1. Investment Framework

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 has always included 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.

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.

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, valuation, downside risk and opportunities.

Across our strategies, ESG analysis is designed to focus on financially material factors. As investors, we have access to a constant stream of data and information that can be used in valuing investments. Determining what information is material to the investment thesis of our holdings is an important task. Therefore, if a factor is

determined to not materially impact the risks or opportunities of an investment, we would not incorporate it into our investment process. 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.

2. Investment Team Implementation

U.S. Value Team:

In the first step of our U.S. Value team's 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 three-year 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 authorize each addition to our Approved List.

Using our investment team recommendations, we construct portfolios using a fundamental, bottom-up approach. We believe this three-year perspective allows us to integrate both short- and long-term issues into our analysis. Additionally, because our Research Analysts concentrate their work on specific industries or sectors, they are able to thoroughly understand and evaluate the changing dynamics of their respective industries to assess the potential impacts of long-term issues, including ESG factors, on company fundamentals.

Multi-Asset Team:

Our Multi-Asset team's investment approach employs a wide range of asset classes, bottom-up and top-down perspectives, along with fundamental and quantitative tools to evaluate macro, micro and technical conditions. Each offering managed by our Multi-Asset team has a disciplined approach to lowering volatility, and ESG metrics can inform that decision.

Equity selections are derived through quantitative screens and focused fundamental analysis across all market segments. Fixed Income selections are derived through quantitative screening and analysis that is carried out by the Multi-Asset team with fundamental and structural input from our U.S. Value investment team.

The Multi-Asset team includes ESG analysis when performing fundamental analysis on companies. In addition to leveraging the ESG input from the Value Equity team, they incorporate a review of ESG metrics in analysis and 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.

Select Equity Team:

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.

Risk Oversight Team:

Lastly, 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.

3. 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. Our process is designed to benefit from multiple inputs and directly involves our investment professionals.

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's policy as in alignment with our financial-materiality-based view of ESG integration. Glass-Lewis's 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, our Research Analysts review proxies bi-monthly and may occasionally recommend a vote that differs from the Glass-Lewis recommendation. 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.

4. Engagement

Shareholder engagement reflects active ownership by which investors seek to influence an issuer's decisions on corporate matters, including ESG matters. As part of our fundamental research process, our Research Analysts conduct meetings with company management and investor relations. Our primary goal is to understand strategy, execution and financial strength throughout the life of an investment. Meetings inform our investment analysis and fill out our understanding of the business's ability to adapt to changing business environments. These meetings happen both in person, during investment conferences and calls and build on long-standing relationships. Our understanding of all material issues is then reflected in our valuation analysis and recommendations by our Research Analysts.

Westwood does not set and track engagement objectives. We engage on specific topics on a case-by-case basis and typically, when ESG or other issues are of specific concern, our team seeks purposeful dialogue to understand how the company plans to address them and view this from a "tracking" perspective over time. Our engagement is generally conducted through direct dialogue between our investment professionals and companies privately. This provides a more constructive approach toward understanding issues and expressing our views toward implementing solutions that provide value to stakeholders.

When there are policy-based engagements that Westwood wishes to engage with policy makers on, we may, from time to time, participate in engagement efforts through collaboration platforms, such as those offered by the Principles for Responsible Investment (PRI).

5. Segregated Accounts

For many clients, ESG or values-based considerations are important factors in evaluating potential investments. Investments that align with their values allows an incorporation of values-based investing. Bespoke portfolios can be created through inclusionary and exclusionary investment practices in separate accounts. This allows a client's investments to be in harmony with their morals or beliefs.

Exclusionary investment practices restrict the investment universe by prohibiting investment in certain companies or industries engaged in practices that run counter to their values. The inclusion of specific investment criteria includes specific types of investments based on practices that align with client values. Our depth of fundamental analysis and knowledge allows our Portfolio Managers to include or substitute acceptable holdings to create an investment profile similar to the comparable, unrestricted strategy.

Environmental Impact

We embrace caring for our communities and taking steps to take care of the world around us. Westwood's Green Committee was established to support the company's ongoing commitment to environmental stewardship and sustainability. The Green Committee is committed to the responsible use, and protection of, the natural environment through conservation and sustainable practices that enhance ecosystem resilience, human well-being and ultimately our company's strength and resiliency.

The Green Committee supports Westwood through efforts that work to standardize practices in all offices, which include efforts to reduce waste and pollution, increase energy efficiency and recycle. The committee also supports Westwood through education efforts that keep employees informed on issues related to environmental and sustainable protocols.

The committee also supports Westwood's efforts to measure and offset greenhouse gas emissions. As part of our work to be responsible citizens of the world, Westwood commits to offsetting our carbon emissions generated through air travel.

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion concepts are an integral part of our history, culture and identity. Westwood was founded by a woman — a remarkable feat back in 1983, when the finance industry had only a small percentage of women in the workforce.

We embrace opportunity for individuals from all backgrounds and are committed to fostering an environment that values unique ideas, perspectives and experiences. We believe that, in such an environment, each employee feels valued, involved and empowered to do their best work, deliver the best possible service to our clients and meet their full potential.

Westwood's Diversity, Equity and Inclusion Committee is committed to ensuring that diversity remains part of our identity. The committee is responsible for expanding and enhancing opportunities for diverse employees and developing training for managers to support those initiatives. Membership includes senior managers and employees representing departments across the firm.

Community

Westwood has a long history of community involvement and support of local charitable causes. This involvement is a cornerstone of our culture, drives employee engagement and makes employees proud to work at Westwood.

In honoring Westwood's history of community involvement and support of local charitable causes, Westwood's Charitable Events Committee (CEC) supports and partners with organizations who embrace activities that align with Westwood's core values of teamwork, excellence, integrity and placement of client and stakeholder interests above our own. Every year, Westwood supports several charitable organizations focused on issues including education, children's needs, homelessness, food insecurity and disaster relief. Westwood also matches charitable contributions made by employees to further support the organizations that are most important to them. The CEC is committed to supporting, promoting and organizing charitable giving opportunities for the Company and its employees through fundraisers, sweat equity initiatives and community outreach opportunities.

Privacy and Data Protection

Our data security program recognizes the critical importance of safeguarding our clients' personal information as well as the confidential and proprietary information of both our firm and employees. The security, integrity and accessibility of the data maintained or conveyed through our operating systems is a fundamental requisite of our business operations and an important component of our fiduciary duty to our clients. Protecting the assets of our clients and safeguarding proprietary and confidential information is a fundamental responsibility of every Westwood employee. All employees are expected to adhere to our approach to information security.

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