

# ESG Policy

## 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 use to maintain 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 community in which we serve and, as such, the key principles of Environmental, Social and Governance (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) affirming our commitment to responsible investment practices that align with our fiduciary duties to clients across our investment solutions. The UN PRI's six principles for Responsible Investment offer investors an approach that incorporates ESG considerations into the investment process. As signatories, we recognize the importance of considering 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.

Our firm-level ESG approach is structured around six key focus areas:

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

**This framework allows us to implement responsible investment principles in a manner that best serves our clients while contributing to a more sustainable global financial system.**

## Governance and Oversight

Westwood is committed to the successful integration and promotion of ESG at both the corporate level and investment level. [We believe that considering long-term impacts on all stakeholders helps us add shareholder value 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 include a sustainable competitive advantage, conservative balance sheet and commitment to value creation.

We have two governing structures to ensure we have the strategic influence and leadership required to create a clear corporate sustainability strategy across the business: the Board of Directors and the Executive team. The separation of responsibilities between these 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 firmwide implementation of those efforts.

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, which benefits all stakeholders through effective management of conflicts of interest and maintaining high standards of corporate governance.

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

### Corporate and ESG Integration

Westwood's ESG Committee comprises leaders from the various departments across the firm. Primarily consisting of members of the Executive team, this group is responsible for ensuring the effective execution of the firm's overall ESG strategy.

Overall ESG strategic direction is set by our CEO and a subgroup that oversees implementation and reviews our ESG strategy with Westwood's Board of Directors. This subgroup comprises senior leaders of the firm, including our chief financial officer, head of risk and performance analytics and head of human capital. The committee operates through specialized subgroups to fulfill various functions across the organization.

The ESG Committee delegates responsibilities to appropriate groups to ensure specialized expertise is applied to each area while maintaining unified oversight of all ESG initiatives.

The areas of responsibility for the ESG Committee and various subgroups might include:

### Strategic Direction and Oversight

- Set and guide the firm's ESG mission and vision
- Review and monitor the firm's ESG and corporate sustainability practices
- Monitor ESG-related subgroup activities



- Evaluate and approve the firm's membership in industrywide ESG organizations
- Approve ESG Policy
- Report on ESG-related activities to the Board

## Corporate Implementation

- Implementation of ESG mission into departmental strategy
- Promote and provide ESG training across the firm
- Monitor and respond to material or escalating industry-related ESG issues

## Investment Integration

- Monitor, evaluate and respond to evolving best practices in responsible investing
- Conduct periodic reviews of responsible investing practices across investment teams and determine if implementation of integration across entities is warranted
- Review and approve ESG data vendors
- Oversee proxy voting — monitor guidelines used by our proxy administrator to ensure they align with our Proxy and ESG policies and implement responsible investment views related to proxy voting practices
- Provide responsible investment training for staff
- Monitor, oversee and report on engagement activities
- Monitor reporting on responsible investment practices

## Responsible Investing

### Investment Framework

Our overarching investment objective is to create results that deliver positive alpha, attractive risk-adjusted returns, superior client service and positive outcomes for all our stakeholders. 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. 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 one component of a holistic, fundamental assessment that includes management quality, downside risk and future performance.

We take a fundamental, financial materiality-based approach to identifying high-quality companies and sound businesses around the world and ESG issues are incorporated into our existing investment analysis. The consideration, and inclusion, of ESG issues as part of our investment analysis and decision-making process is consistent with how we have historically analyzed 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 it is determined that a factor does 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



nanced 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 and often establish their own input. For example, our investment team conducts extensive interviews with prospective company management teams, which may provide important insights into the quality of leadership or a better understanding of risks and opportunities.

## 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 factors, including 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 of a potential investment.

All of this rolls 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.

### Alternative Investments and Multi-Asset Group:

Our 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 team has a disciplined approach to lowering volatility, and ESG metrics can inform their analysis and decision, with metrics and weights specific to industry and company.

Equity and Fixed Income opportunities are derived and evaluated using both quantitative screens and focused fundamental analysis across all market segments.

The team incorporates ESG metrics when performing fundamental analysis on companies and incorporates a review of ESG and other factors in their analysis of individual investment opportunities.

### Wealth Investments Team:

Our Wealth Investments team leverages research conducted by research analysts across the firm's investment platforms. The investment team incorporates the evaluation of financially material ESG factors into the fundamental assessment of investments, which is integrated into a thorough evaluation of risks and opportunities.

### Managed Investment Solutions:

Our index and managed investment solutions are managed by a team of experienced portfolio managers committed to aligning investor outcomes with their ESG preferences. We construct and manage portfolios that accurately reflect the risk and return characteristics of the underlying benchmark while integrating investor-driven ESG considerations.

Rather than selecting securities based on fundamental analysis, we design exposures that align with investors' ESG beliefs, ensuring that portfolios adhere to both investment objectives and sustainability goals. Our approach is guided by a robust



multi-dimensional risk management framework, incorporating constraints at the security, sector, country and risk factor levels. A dedicated portfolio manager oversees each portfolio and is responsible for ensuring that it is managed in accordance with its objectives and guidelines. Where applicable, we incorporate ESG metrics and collaborate with investors in the development of custom proxy voting policies, reinforcing their stewardship priorities and corporate engagement strategies.

### Risk Oversight Team:

Lastly, regular meetings with our independent Risk and Performance Analytics team assist the investment teams in their work 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 these voting responsibilities solely in the best interests of our clients. We see proxy voting — the process by which shareholders vote on company decisions — as a means of addressing corporate governance issues and encouraging corporate actions that enhance shareholder value. Our process incorporates multiple perspectives and directly involves our investment professionals.

For consistency and expertise, Westwood has selected guidelines from a third-party proxy research service provider, Glass Lewis. We believe these guidelines align with value creation for our clients and address most proxy voting situations. The Investment Operations team oversees the implementation of our proxy voting policy.

Westwood's ESG Committee, in collaboration with our investment team's regular review of voting items, has determined that Glass Lewis's approach to environmental and social issues aligns with our view of ESG integration, which is based on financial materiality. Put simply, Glass Lewis will recommend voting in favor of environmental and social proposals when there is a clear connection to enhancing value or reducing risk for shareholders.

Our goal is to vote on all proxy matters for our clients. In most cases, we follow the recommendations of Glass Lewis. However, our research analysts review recommendations twice monthly and may occasionally suggest voting differently when they believe it better serves our clients' interests. We provide each client with an annual summary of how we voted on their behalf. Westwood maintains complete records of all proxy voting, including materials received and our responses.

## Engagement

Shareholder engagement reflects active ownership by which investors seek to influence an issuer's decisions on corporate matters, including ESG. As part of our fundamental research process, our investment team members regularly meet with company management and investor relations teams. The primary goal of these meetings is to understand a company's strategy, execution capabilities and financial strength throughout the life of an investment.

These interactions — whether in person, in investment conferences or through calls — build on our long-standing relationships and help us understand how businesses react to changing environments. The insights gained from these meetings directly inform our investment analysis and are incorporated into our valuation models and recommendations.

Unlike some investors, Westwood does not establish formal engagement objectives or tracking metrics. Instead, we address specific topics on a case-by-case basis. When ESG factors or other issues raise particular concerns, our team initiates focused conversations to understand how the company plans to address these issues. We then informally monitor their progress over time. Our engagement typically occurs through direct, private dialogue between our investment professionals and company representatives. We find this approach more constructive for understanding issues and expressing our views on solutions that create value for all stakeholders.



For broader policy matters where Westwood wishes to engage with regulators or policymakers, we may occasionally participate in collaborative engagement efforts through industry platforms, such as those offered by the Principles for Responsible Investment (PRI).

## Segregated Accounts

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

Using a fundamental, bottom-up research process allows us to incorporate investments that conform with the specific values of each client.

Using exclusionary practices allows us to incorporate investment criteria that restrict certain investments based on company practices that do not align with client values. Our depth of fundamental analysis and knowledge allows our portfolio managers to tailor individual client holdings to mirror the investment profile of a comparable, unrestricted strategy.

## Environmental Impact

We embrace caring for our communities and 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 dedicated 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 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 best practices.

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

## Diversity, Equity and Inclusion

Diversity, Equity and Inclusion is 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 the opportunity to work with 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 dedicated to ensuring that diversity remains a foundational 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 the firm and its 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 clients. Protecting our clients' assets 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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