

ESG Policy Statement

Scope and Purpose

The Ceredex policy defines our position regarding ESG and provides our employees with guidelines related to ESG for our decision-making processes. The policy will also be used as a tool to communicate to clients and stakeholders how Ceredex integrates ESG considerations into investment decision-making processes and which factors Ceredex may consider when making such decisions, while also remaining focused on maximizing investment performance and our fiduciary obligations to its clients.

Philosophy

At Ceredex, we define ourselves as traditional value equity investors with a keen focus on rigorous fundamental analysis. We seek to deliver excellent long-term risk-adjusted investment performance by employing a well-crafted, methodical bottom-up stock selection process with the dexterity to adapt to changing market conditions. Our approach is equal parts science (screening for dividends and key financial data) and art (our team's interpretation of the data).

Our investment philosophy is driven by the belief that markets in the short term are inherently inefficient, and opportunistic investors with a long-term view can exploit sentiment/valuation disparities to enhance returns. We conduct comprehensive research seeking to identify undervalued, dividend-paying companies that are trading at the lower end of their historical valuation ranges and display positive catalysts (such as management changes, restructuring, or new product introductions) that have the potential to drive meaningful price appreciation.

ESG Approach

Ceredex recognizes that issues related to the environment, governance, public health and safety, employees and other stakeholders may affect the performance of publicly traded equities. It is our thought that incorporating a review of these ESG factors as part of the firm's bottom-up, fundamental research enhances our long tenured stock selection process and is consistent with our investment goals, objectives, and duties as a fiduciary. With that said, superior risk-adjusted investment performance remains our primary goal. It is our focus to uncover and comprehend ESG factors and risks, which should increase our ability to achieve the goal for our clients.

Ceredex is committed to incorporating ESG considerations into our long tenured bottom-up, investment process. These considerations include but are not limited to the following:

- Environmental: climate change, natural resources including water, biodiversity, land use and forestry and marine resources, pollution, legacy liabilities, carbon footprint, and energy use/waste.



We believe that companies exhibiting better disclosure of their environmental mitigation strategies, performance and related material environmental metrics are likely to demonstrate better risk-adjusted performance over the long run.

We believe that climate change has the ability to affect economies and therefore our lines of business. Arising risks and opportunities can be seen already today and will grow over the mid- and long-term. These can be acute and chronic physical impacts on property or human health like warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves and droughts or change in vector-borne diseases.

- Social: Labor practices, community responsibility and accountability, health and safety standards and practices, human rights, racial diversity, and gender equality

Social capital factors address the management of relationships with key outside parties, such as customers, local communities, the public, and the government. They may impact investment returns, particularly if companies become involved in controversies that pose risks to their reputation. Human rights, access and affordability, customer welfare, data security and customer privacy, fair disclosure and labeling, and fair marketing and advertising, and community reinvestment are key social capital factors that warrant our attention.

- Governance: Board composition, compensation policies, and legal /antitrust policies, audit, accountability, and alignment.

As long-term investors, we view a company's corporate governance arrangements and the quality of its senior management as important factors in all our investment decisions. Transparency with regards to accountability and disclosure, and trust in the competence and judgement of management are prerequisites for building the long-term relationships we seek with the companies we invest in.

ESG is an important component of the investment process, and its implementation can be another element of review for fiduciaries. ESG due diligence is an important part of risk control and can help contribute to excess returns. These considerations are reviewed and uncovered during the Ceredex fundamental bottom-up process.

We believe that the consideration of relevant ESG factors in investment analysis, due diligence and portfolio construction can enhance long-term investment value and manage downside risk.

We recognize that ESG factors can and do impact the performance of investment portfolios across sectors, companies, and regions, as well as a multitude of our clients' and stakeholders' interests. We have a duty to our clients to make well-informed investment decisions, taking reputational, operational, and financial risks into careful consideration. ESG factors are another element of this. The ability to accurately forecast long-term industry and issuer trends also requires an understanding of relevant ESG factors and their potential impact.

Ceredex ESG Implementation

Ceredex incorporates ESG considerations in our bottom-up, research process. These factors will be in addition to the rigorous analysis of public financial information available regarding the security under review by the analyst/portfolio manager.



The integration of ESG factors into our investment process occurs most often as we review companies for inclusion on our list of those that qualify for investment. As part of our deliberations, we consider the financial impact of ESG issues, both those we have identified internally and those raised by third parties. We supplement our primary research with input from third party ESG research and ratings services from MSCI (or a similar provider.) We rely on our fundamental internal research process first and foremost. While we find value in some of the work done by MSCI and others, we find considerable inconsistencies across data and ratings methodologies. Due to the variability of ESG rankings across many data providers, Ceredex may or may not agree with the analysis of ESG research providers including MSCI. Ceredex will review ESG information and determine whether the data is additive to the security selection process. In addition, Ceredex will continue to monitor these divergent ratings methodologies for any consistency in the future.

ESG considerations can be integrated into our investment process as part of growth projections, our estimates of free cash flow production, our estimates of returns on capital, and our discount rates, among others. As mentioned, we supplement our internal research with company ESG ratings and research from MSCI that measure a company's exposure to and management of ESG risks. We use this research to ensure we have fully accounted for potential risks and to provide a signal for an additional review when we observe a significant difference from our own analysis. The ESG data is not meant to be determinative but supplemental. Ultimately, we rely on our own evaluation of the company to form our investment decision. Each member of the investment team is responsible for ESG research and implementing it in the investment process as applicable. The research analyst will ensure that when ESG factors are considered, they are documented in their materials.

Exclusions: Ceredex does not include or exclude specific portfolio companies in a client account solely based on ESG factors. Communicating or implying that portfolio companies must meet an ESG standard to be included in a client account is prohibited (except pursuant to client instructions in the IPS). **While Ceredex considers the portfolio company's ESG approach, ESG factors are supplemental information that is considered during the investment process and may or may not be a factor in the ultimate decision to add a portfolio company to a client account.**

Client Specific Considerations:

As we have expressed as a baseline above, we believe incorporating a review of ESG factors as part of the firm's bottom-up, fundamental research helps enhance our long tenured stock selection process and is consistent with our investment goals, objectives, and duties as a fiduciary. Ceredex recognizes that each of our clients has their own view and approach to ESG considerations that may go beyond what our standard investment process incorporates. In these scenarios, Ceredex will look for guidance in the client's investment policy statement and guidelines to assist in this process which may include exclusion lists, industry restrictions and custom policy guidelines.

Engagement and Stewardship

We believe that responsible investing includes focused proxy voting. Ceredex can be proactive in our ownership of portfolio companies through proxy voting across our client portfolios where we have proxy voting authority. We believe proxy voting is a powerful tool that allows us the opportunity to directly influence corporate policy in a way that will maximize shareholder value. We rely upon a third-party proxy advisory firm to vote our portfolio company proxies based on our custom proxy policy. In situations where our custom policy requires us delve into a particular item, generally when portfolio



company management and our proxy advisory firm opinions differ, the investment team members undertake a close review and consideration of the proxy votes for proposals that involve ESG issues. The primary analyst is responsible for voting recommendations, which are reviewed by the firm's voting members of the Ceredex Proxy Voting Committee ("the Proxy Committee.") The firm's Chief Compliance Officer is a non-voting member of the Proxy Committee and reviews all votes cast. We have the ability for engagement and stewardship in proxy voting when we vote against management on an issue.

Responsibility and Oversight

Ceredex's ESG Committee ("ESG Committee") will guide the implementation of the policy and ESG best practices across the firm.

The ESG Committee will consist of members of the following functional areas:

- Investment management
- Executive management (CIO)
- Client Service
- Compliance
- Product development

The ESG Committee will meet regularly to review all new portfolio companies, ESG considerations made and other applicable dialogue regarding the policy and elements of ESG. Additionally, Ceredex will look to incorporate ESG training (generally through our vendor RegEd) to ensure we are staying current with the evolving ESG environment (rules and regulations).

The specific duties of the ESG Committee include the following, as well as any other duties and obligations the ESG Committee and Senior Management may from time to time deem appropriate for the ESG Committee to assume:

1. Serve as the primary point of contact for Ceredex regarding ESG matters. Coordinate with the other committees of Ceredex and investment team regarding any matters related to ESG investment principles.
2. Periodically, and at least annually, review the performance of any non-affiliated service providers that have been retained by Ceredex to assist in the implementation of its ESG investment principles (if any)
3. Coordinate with other Ceredex personnel, as necessary, to seek to ensure compliance with any commitments made with regard to ESG initiatives, such as the filing of any required annual reports.
4. At least annually the ESG Committee will present the UN PRI signatory report to Ceredex's investment professionals at which all investment members are represented. This meeting shall be chaired by the CIO.
5. Review at least annually, this policy statement on ESG and make any changes, as may be necessary from time to time.
6. Perform other tasks and review such other reports as the ESG Committee deems necessary and appropriate in furtherance of its purpose and duties.

Marketing:

Associates are prohibited from proactively marketing Ceredex investment strategies, investment objectives or portfolio management processes as:

- ESG or ESG compliant;
- Meeting a specific ESG standard;
- Approved by the UN PRI or any other organization or regulatory body with respect to ESG; or
- Any other similar inference regarding ESG beyond the integration described in this document.

Responses to requests and inquiries from outside parties regarding ESG items must be reviewed by Compliance prior to dissemination.

UN Supported Principles for Responsible Investment

Ceredex became a signatory to the United Nations supported Principles for Responsible Investment (“UN PRI”) in December 2021. It is a goal, when consistent with our fiduciary obligation, to review Environmental, Social and Governance (“ESG”) factors when assessing the risk/opportunities of an investment. In addition, Ceredex will look to incorporate these considerations in our detailed bottom-up, fundamental analysis and decision-making process. ESG integration is one component of the overall risk/reward framework for security analysis & selection.

As a signatory to the UN PRI, we will complete the annual PRI assessment to disclose our approach to responsible investment. We are assessed against our peers across modules such as ‘Strategy and Governance’ and ‘Listed Equity Incorporation’ and scored accordingly.

Client reporting – Any required client reporting related to ESG items including the UN PRI will be provided as requested by our clients.

Books and Records

Research documentation must be maintained in accordance with Ceredex’s record retention policies and procedures. These records may include third-party reports, ESG ratings, broker research, financial models or similar materials in addition to Ceredex’s internal analysis of ESG issues that have been considered and/or utilized in the investment process. Compliance randomly reviews research materials (Ceredex analysts research/notes (ex. MSFT OneNote) to ensure ESG considerations have been included.