



VULCAN
VALUE
PARTNERS

ESG Policy Statement

Guiding Principles

At Vulcan Value Partners we are guided by our firm’s core values, the Vulcan Values. The first of our Vulcan Values is ***Serve Others Before Self***. As fiduciaries we have a responsibility to serve our clients with a high standard of care and to place their interests above our own. We believe that this duty extends to not only to our clients, but also to our families, our community, and beyond. A responsible approach to investing is central to serving this higher purpose – in the way that we operate our company, in the way that we relate to our community, and ultimately in the way that we invest on behalf of our clients.

The core of our investment process is to find companies where the underlying value of the business is stable over our five-year time horizon and to purchase those businesses at a discount to our estimate of fair value. We do this to reduce risk while also producing superior risk-adjusted returns for our clients.

We analyze companies on both a quantitative and qualitative basis. As a part of our qualitative analysis, we integrate environmental, social, and governance (ESG) factors to identify risks that could potentially cause the value of businesses to become unstable over time. ESG integration is one component of our overall risk framework. While we manage several strategies, the same investment philosophy and process are applied to each strategy.

ESG Factors

Vulcan’s mission is to protect capital and achieve superior long-term results by executing our investment process with discipline. Fundamental to that mission is the counter-intuitive idea that we do not try to buy cheap stocks, rather we seek to invest in companies with stable values that can grow and compound their values over the long-term.

For a value to be stable, the underlying business must be sustainable. For a business to be sustainable it must consider how it creates value and ensure that it is doing so with a responsible, long-term approach. Commonly understood ESG considerations can and will have an impact on a company’s long-term value stability. It is our goal, where consistent with our fiduciary obligations, to consider ESG factors when assessing the risks and opportunities of an investment, and to strive to incorporate these issues into our due diligence, investment analysis and decision-making process where possible.

We have long considered these types of risks naturally, as we consider the stability of a business’s value. Risks presented by ESG factors are evaluated in our bottom-up fundamental analysis of business quality. Some of the most common risks include increased operating costs, litigation, regulation, taxation, employee turnover and consumer dissatisfaction. These risks can provide a material threat to a company’s ability to grow long-term shareholder value, and this has always steered us away from companies whose products are not a long-term fit with society, or whose affairs are not well managed. With the investment management industry’s growing focus on ESG, we now have better availability of information and new tools that we can use to evaluate these types of risks, so we are taking advantage of the opportunity to enhance our process. The steps we

	<p>have taken, including becoming a PRI signatory, are a more formal indication of our commitment.</p> <p>We believe that management of ESG issues is connected to a company's financial sustainability. As part of a comprehensive assessment of all company risks and opportunities, we integrate relevant and material ESG factors into our analysis. We review management team quality, evaluating the history of management decisions and behaviors as well as ongoing behaviors to assess their skills and judgment. We look for a commitment to good corporate citizenship and a strong, healthy culture, which we believe leads to positive ESG outcomes for companies. We believe this assessment identifies leaders who exhibit the characteristics we feel are critical for effective management to drive long-term value creation.</p> <p>We consider a company's environmental practices, such as carbon intensity and improved energy or water efficiency, when we view it as material to the company's long-term sustainability. We think of social as the value the company creates for employees, customers, shareholders, and partners. Among the governance issues we assess, we seek companies with high-quality, properly incentivized management teams. We focus on the value the company realizes from these measures, such as improved operational margins or an enhanced brand. Consideration of ESG factors in our investment process is aligned with our fiduciary duty and supports our goal to deliver superior risk-adjusted returns to our clients.</p>
<p>Approach to ESG Integration</p>	<p>ESG analysis is embedded within our fundamental analysis. All investments are made with the objective of maximizing our margin of safety in good businesses that have sustainable competitive advantages. We integrate ESG considerations into our process with that goal in mind.</p> <p>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 effect 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. We have always and will always rely on our fundamental internal research process first and foremost. While we find value in some of the work done by ESG service providers, we find considerable inconsistencies across data and ratings methodologies. 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.</p> <p>We supplement our internal research with company ESG ratings and research from third-party ESG data providers 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. 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.</p> <p>We recognize that each of our clients have their own approach to ESG considerations, depending on their values and analysis. Our investment</p>

	<p>philosophy is focused on high-quality businesses that can generate long-term sustainable growth and our philosophy naturally directs investment of our clients' capital to industries, businesses and management teams that are predisposed to policies, practices, and behaviors that fit with our integrated approach to ESG considerations. Industries that are exposed to commodities risk, or significant fluctuations in value, such as extractive companies, commercial banks, and utilities, do not align with our discipline.</p>
<p>Approach to Engagement and Stewardship</p>	<p>We believe that responsible investing includes both thoughtful proxy voting and engagement with senior management, where appropriate. We exercise our active ownership through engagement and proxy voting across all our portfolios. 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. The investment team members undertake close review and consideration of all proxy votes for governance matters and shareholder proposal topics. The primary analyst is responsible for voting recommendations, which are reviewed by the firm's Chief Compliance Officer to ensure consistent application of our policies. We also take into account the recommendations of a third-party proxy advisory firm, but we exercise independent judgement when deciding how to vote. Additionally, we use ProxyEdge via Broadridge to vote most client proxies and track and reconcile votes executed. We connect engagement to proxy voting when we vote against management on an issue. The engagement may occur ahead of or following the vote, enabling us the opportunity to ask questions and exchange perspectives on an issue.</p> <p>We engage with company management on a variety of topics, including ESG topics, with a focus on long-term shareholder value. We may discuss ESG initiatives with company management on calls or in-person to better understand what they consider to be best practices in their industry. We also discuss how the competitive advantages of the business enable the company to positively impact its various stakeholders and improve its long-term sustainability. Our objective is to truly understand management's strategic thinking over the long term to identify, understand, and appropriately consider ESG and other risks. As long-term investors, our engagement on material issues may occur over an extended time frame. We believe it is most productive to have constructive engagements with our portfolio companies. We stress alignment of interests and the importance of ESG factors for value creation and long-term sustainability. We benefit from our standing as significant and typically long-term shareholders. If ESG issues do arise and engagement does not produce satisfactory progress, we do not have any restrictions on the escalation measures we can use.</p>
<p>Approach to Exclusions</p>	<p>We focus on investing in businesses with long-term sustainability, which we believe naturally leads us to the avoidance of certain types of businesses. Due to our investment criteria, there are certain types of companies in which we do not invest. We exclude companies involved in tobacco manufacturing, the production of fossil fuels, or the production of controversial weapons.¹ We also consider client requests with regard to restrictions that do not materially alter the investment strategy and our ability to deliver strong, long-term risk-adjusted returns.</p>
<p>ESG Governance</p>	<p>Vulcan's ESG Committee governs the implementation of our ESG Policy and ESG best practices across the firm.</p>

¹ Please refer to Vulcan's Excluded Securities Policy.

	<p>The committee consist of members from the following functional areas:</p> <ul style="list-style-type: none"> • Investment (Chair) • Executive Management • Client Service • Compliance • Human Resources <p>The Committee reviews a quarterly internal update of our ESG Policy, investment process, stewardship, engagement, governance and regulatory developments, corporate commitments, and internal ESG resource allocation. The Investment Team leads day-to-day coordination of ESG practices across the firm, working closely with the Compliance and Operations Teams. Additionally, we incorporate annual ESG training into our compliance schedule. It covers our ESG Policy, the evolution of our efforts, accomplishments and challenges, and near and long term goals.</p> <p>Our approach to ESG integration will continue to evolve through our ongoing engagement with our clients and portfolio companies, as well as our collaboration with other firms and organizations in the investment industry. We are committed to improving our approach by staying current on best practices and providing the resources to further incorporate ESG across the firm.</p>
<p>Corporate Commitment</p>	<p><i>PRI Signatory</i></p> <p>The PRI is the world’s largest network of asset owners, asset managers, and service providers joined to support the incorporation of ESG factors into investment decisions to promote a more sustainable global financial system. This initiative is centered on six Principles, that signatories will:</p> <ul style="list-style-type: none"> • Incorporate ESG issues into investment analysis and decision-making processes • Be active owners and incorporate ESG issues into ownership policies and practices. • Seek appropriate disclosure on ESG issues by the entities in which we invest • Promote acceptance and implementation of the Principles within the investment industry • Work together to enhance our effectiveness in implementing the Principles • Report on our activities and progress towards implementing the Principles <p>We became a signatory to the PRI in 2019 to demonstrate our commitment to uphold a focus on ESG throughout our investment and business decisions.</p> <p><i>Reporting</i></p> <p>We submit the annual PRI Transparency Report detailing how we integrate ESG in research analysis and active ownership. We also will provide customized ESG reporting to our clients upon request. We expect 2022 will be the first year that we issue an annual ESG report detailing our ESG integration across the firm and our investment activities.</p>