

**LSV Asset Management**  
**Statement of Responsible Investment Initiatives**

**Quantitative Investment Approach**

LSV Asset Management ("LSV") provides discretionary investment management services in portfolios of publicly-traded global equity securities to a variety of institutional clients, including private funds and mutual funds, utilizing the application of LSV's proprietary quantitative model. The portfolio decision-making process is driven by (1) a proprietary model that ranks securities based on fundamental measures of value, past performance, and indicators of recent positive changes; and (2) a risk control process that manages residual risk relative to a benchmark. LSV's proprietary and rigorous approach enables LSV to continue to identify insights into new quantitative signals of value or risk controls that can be utilized for its clients' best interests, and to establish and implement custom solutions, upon request, in furtherance of a client's own investment guidelines.

**Principles for Responsible Investment ("PRI")**

LSV became a signatory to the PRI in April 2014. The PRI provides a framework, through its six principles, for consideration of environmental, social, and governance ("ESG") factors in portfolio management, investment decision making, and active ownership. The six principles ask an investment manager, to the extent consistent with its fiduciary duties, to seek to: (1) incorporate ESG issues into investment analysis and decision-making processes; (2) be an active owner and incorporate ESG issues into its ownership policies and practices; (3) obtain appropriate disclosure on ESG issues by the entities in which it invests; (4) promote acceptance and implementation of the PRI principles within the investment industry; (5) work to enhance its effectiveness in implementing the PRI principles; and (6) report on its activities and progress toward implementing the PRI principles.

**LSV Responsible Investment Initiatives**

As a quantitative manager seeking to implement the PRI principles, LSV seeks and monitors for improvements in ESG-related data from issuers and data providers. With appropriate verification and testing and/or upon client request, LSV utilizes such data in its systematic and disciplined approach to bolster its risk control process, pursue higher expected returns, and/or support clients' ESG objectives in a variety of ways. Specifically, LSV takes the following actions to implement the PRI:

1. **Investment Management**

There are a variety of ways in which ESG plays a role in LSV's quantitative investment process:

*All Client Accounts*

- Data signals related to governance, ESG controversies, ESG scores, and climate risks are included in LSV's quantitative expected return model and/or risk control and portfolio construction

process. For example, signals related to climate risk and certain related governance signals are utilized to penalize implicated issuers.

- Forecasts by equity analysts are factored into LSV's quantitative model. ESG risks and opportunities are considered by equity analysts, and thus can have an effect on model rankings.
- As a supplement to its quantitative risk control process, LSV may choose not to purchase or increase its investment in particular issuers due to heightened ESG risks identified in monitoring news relevant to portfolio holdings.
- LSV has invested in a variety of additional ESG-related data and has incorporated such data into its model so that it can be reviewed by the portfolio management team.

#### *Custom Solutions Available at Client Request*

- LSV can integrate ESG-related benchmark constraints into the portfolio construction process for clients that request it, including relating to carbon emissions or ESG scores.
- LSV can apply exclusionary screens at the portfolio level for clients that request it, including relating to industry divestment or ESG laggards. Screens can be applied based on client-provided lists or data subscribed to by LSV. Such options can pertain to a wide variety of matters, including screening issuers involved in certain business activities or with indicators of risk relating to minimum standards of business and labor practices based on relevant international norms.

## 2. Internal Research and Analysis

LSV conducts research on an ongoing basis on a variety of topics in order to develop enhancements to the LSV quantitative investment process. LSV considers ESG factors using the same process as for its other investment ideas. LSV has researched a variety of ESG-related topics, including in collaboration with its academic advisors, and is committed to further review of ESG factors that may increase returns and/or reduce risk. In addition, LSV works with clients to develop custom solutions to help further their own guidelines with respect to ESG within the framework of LSV's quantitative investment process.

LSV employees stay current on third-party research, attend ESG-related educational events, and are in frequent discussions with ESG data providers to understand their latest offerings. From time to time, LSV employees also may engage with PRI staff or other PRI signatories, including clients and key service providers, to understand developing best practices for identifying and understanding the relevance and importance of ESG risks and opportunities.

## 3. Stewardship, Engagement and Advocacy

LSV has retained an expert third party, currently Glass Lewis & Co. ("GLC"), to implement LSV's proxy voting process, provide assistance in developing proxy voting guidelines, and provide analysis of proxy issues on a case-by-case basis. GLC is also a signatory to the PRI and, as such, many ESG considerations are factored into GLC's standard Benchmark Policy guidelines, which LSV typically follows for existing clients who have authorized LSV to vote proxies. Certain such environmental factors are further emphasized in GLC's Climate guidelines, which LSV utilizes for new clients who wish to make LSV responsible for voting proxies, absent direction otherwise. While substantially similar to GLC's standard

guidelines, GLC's Climate guidelines also take into account a company's size and sector to encourage enhanced disclosure of climate-related governance measures, risk mitigation, and metrics or targets to ensure shareholders receive sufficient information to evaluate the financial relevance of climate risks. In addition, through GLC, LSV is able to follow a number of guidelines specific to ESG issues in shareholder proposals that are intended to support value enhancement and risk mitigation, and offers ESG- and labor-focused guidelines for clients that would like such guidelines applied to their accounts.

LSV also participates in GLC's Active Stewardship Engagement program with other institutional investors and asset owners. The Program engages hundreds of companies annually, more than half of which are expected to be LSV portfolio companies. Such engagements focus on governance and oversight matters, address a number of ESG topics, including sustainability disclosures and human capital management, and are prioritized for companies at which GLC has identified a material ESG concern.

In addition, LSV's Responsible Investment Committee engages with certain companies systematically selected by the portfolio management team on themes periodically set by the Responsible Investment Committee. The Responsible Investment Committee focuses LSV's engagement on areas where it believes it will be most impactful, in recognition of LSV's relatively small employee base, quantitative investment approach, and its clients' exposures to thousands of companies across a broad range of industries, geographies, and capitalizations. The current thematic focus is generally to seek to encourage companies to improve quantitative ESG disclosures, particularly where most relevant to clients and most feasible to achieve change when it makes sense to do so from a financial perspective in the context of a company's operations. LSV will consider collaborative engagement initiatives as a supplement to its participation in GLC's program on a case-by-case basis. Information learned as a result of an engagement will be shared with LSV's portfolio management team. Unsuccessful engagement efforts will be escalated to LSV's portfolio management team and acted upon as deemed appropriate.

LSV advocates for greater ESG-related disclosures by issuers through its relationships with PRI staff, PRI signatories, and third-party data vendors. LSV supports public companies' provision of information in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures and typically supports related shareholder proposals, subject to GLC's case-by-case analysis and recommendation.

#### 4. Sustainability Outcomes

LSV seeks to elicit quantitative disclosure of ESG-related data from issuers believed to be most exposed to related risks on the basis of signals or estimates available from data vendors. In addition, LSV is committed to helping clients achieve their sustainability outcome goals with respect to their portfolios. LSV believes it can manage client portfolios, upon request, utilizing data that integrates information key to one or more frameworks relevant to a client, such as the Paris Agreement, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, and others.

As a firm, LSV is committed to driving sustainability outcomes in its community through contributing to a number of local programs aligned with certain Sustainable Development Goals, such as ensuring quality education and eliminating poverty.

In addition, as of 2022, LSV is a CarbonNeutral® certified company, including for its business travel, in accordance with [The CarbonNeutral Protocol](#), a leading framework for achieving carbon neutrality through a combination of emissions reductions and delivering finance to independently-verified low carbon sustainable development projects. LSV's total Scope 1 and 2 emissions for 2022 have been estimated to be 197.7 tCO<sub>2</sub>e.

#### 5. Resources Devoted to ESG

LSV has designated senior members from all functional areas of the firm to sit on a Responsible Investment Committee to lead and coordinate LSV's efforts related to Responsible Investment. The LSV Responsible Investment Committee members currently include two members of the investment team and other senior officers, including the Chief Legal, Compliance, and Risk Officer and the Chief Operating Officer, among others. All oversight and implementation of LSV's Responsible Investment Initiatives occur at the Committee level and day-to-day implementation responsibilities are delegated to Committee members or other firm employees as appropriate.

LSV frequently evaluates third-party ESG data for integration into its investment processes, subject to appropriate verification and testing. Continuing to acquire such resources remains a current focus.

#### 6. Disclosures and Reporting

LSV discloses and reports information concerning ESG and its Responsible Investment initiatives in the following ways:

- LSV annually reports to the PRI on its activities and progress toward implementing the PRI principles as required.
- LSV makes this Statement of Responsible Investment Initiatives, its Engagement Policy, and its Proxy Voting Policy available on its website.
- Upon request, LSV will furnish a report on its engagement efforts.
- LSV provides a variety of different forms of ESG reporting to its clients upon request.
- LSV clients may obtain information from LSV about its proxy voting guidelines and how LSV voted any proxies on behalf of their account upon request.