
Annual Fiduciary Report

As Required by 40 ILCS 5/22A-113.5



September 1, 2024

Illinois State Board of Investment
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Chicago, IL 60601

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INTRODUCTION

The Illinois State Board of Investment (“ISBI”) is pleased to share this Annual Fiduciary Report describing how ISBI and its Board of Trustees (“Board”) consider and integrate sustainability factors into investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership.

ISBI was established in October 1969 and given responsibility to manage the investment assets of the General Assembly Retirement System, the Judges’ Retirement System of Illinois, and the State Employees’ Retirement System of Illinois. In August 2007, ISBI was given responsibility for the management of the investment assets of the Illinois Power Agency Trust Fund. ISBI currently manages assets totaling approximately \$25.9 billion on behalf of over 174,000 beneficiaries. With this responsibility, ISBI is a fiduciary under the Illinois Pension Code and must exercise its duties solely in the interests of the fund’s beneficiaries. In accordance with this fiduciary duty, ISBI and its Board of Trustees use the care, skill, prudence, and diligence required to effectively manage the fund’s assets.

The Board considers material and decision-useful sustainability factors when evaluating asset allocation, managing risk, and planning for the portfolio’s future. ISBI also participates in a range of activities aimed at promoting diversity, advancing good corporate governance, and improving equity.

The Board sets the fund’s asset allocation and partners with a range of investment management firms to invest the portfolio, including investment advisory firms, to whom the Board has delegated authority (“Strategic Partners”) in order to access best-in-class active managers. ISBI’s investment managers and Strategic Partners invest subject to the guidelines and parameters set by the Board, including ISBI’s Investment Policy and Diversity Policy.

The Investment Policy sets forth ISBI’s investment objectives, policies, and procedures to achieve ISBI’s mandate of maximizing long-term return objectives while maintaining prudent risk exposure subject to fiduciary and financial prudence. Upon the passage of the Sustainability Act in 2019, ISBI expanded its Investment Policy to incorporate use of material and decision-useful sustainability factors when evaluating investment decisions.

Furthermore, ISBI’s longstanding Diversity Policy recognizes the importance of increasing access and opportunities for minorities, women, and persons with a disability in the investment industry. Within the bounds of financial and fiduciary prudence, ISBI seeks to hold its investment managers and Strategic Partners accountable to the goals and objectives set forth in the policy.

ISBI is committed to continuing its integration of sustainability factors into its investment decision-making, subject to its financial and fiduciary responsibilities.

1. Board Consideration of Sustainability Factors

Pursuant to ISBI’s Investment Policy, the Illinois Sustainable Investing Act, and the Illinois Pension Code, the Board considers material, relevant, and decision-useful sustainability factors to evaluate investment decisions within the bounds of financial and fiduciary prudence.

These factors include, but are not limited to, the following:

- Corporate governance and leadership;
- Environmental impact;
- Social capital;

- Human capital; and,
- Business model and innovation.

In addition, ISBI's efforts include:

- Periodic evaluation of sustainability factors to ensure they are relevant to ISBI's investment portfolio and the evolving marketplace; and,
- Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

2. ISBI's Approach to Risk Management

The intent of risk management is not to eliminate risk, but to ensure that market risk taken to achieve return objectives is prudently managed. ISBI recognizes that investors are rarely compensated for risks that can be eliminated through diversification. Risks will be a primary consideration throughout the investment process.

The fund's asset allocation is the primary risk management tool used to calibrate the relationship between investment risk and return for the fund. Asset allocation modeling incorporates measures of risk, return, and correlations between the various asset classes in which the fund invests. Periodically, staff, the general consultant, and the Board conduct a thorough assessment of the fund's asset allocation and the fund's overall risk profile including stress testing, scenario analysis, value at risk, tracking error reporting, and standard deviation of returns analysis.

In addition, staff and the general consultant regularly review each Strategic Partner's risks within the context of the overall asset classes they manage to ensure that there are no unintended risks being experienced at the aggregate class level. This review process includes evaluation of traditional investment and financial factors while integrating a wider range of risks and value opportunities related to environmental, social, and governance factors that can have a material impact on investment performance.

ISBI utilizes BlackRock Solutions' Aladdin Risk to provide a bottom-up model of risk. Aladdin Risk Models are used to view risk measurements and provide custom analysis on a quarterly and ad hoc basis. Aladdin Risk Models provide a view of total portfolio risk, both systematic and idiosyncratic, resulting from changes to the portfolio or broad market environment. The model provides analysis on the sources of and changes to active risk at the total portfolio, asset class, or manager level. Aladdin Risk provides analysis on macro factor risk breakdowns and additional stress-testing and scenario analysis. Aladdin Risk incorporates data from MSCI, Sustainalytics, and other providers for sustainability exposures and scores for portfolio holdings.

3. Manager Consideration of Sustainability Factors

ISBI staff and Strategic Partners, who all serve as fiduciaries to the Board, are committed to integrating sustainability factors into the investment decision-making process for ISBI's portfolio. ISBI's Strategic Partners consider sustainability factors in a multitude of ways, including both qualitative and quantitative measures. While the methods to assess these factors may vary between Strategic Partners, each fiduciary considers the sustainability factors listed above to vet investment managers and portfolio companies.

Attached as Exhibits 1-10 are responses from ISBI's Strategic Partners and select managers describing how each partner integrates sustainability factors in its decision-making process. Each response includes a detailed explanation of how the factors are considered from the firm level

down to the specific investments made on ISBI's behalf. Also included are some case studies of investments made for ISBI with detail of how sustainability factors were assessed in the underwriting process.

4. Comprehensive Proxy Voting Report

ISBI takes its responsibility as a shareholder seriously and partners with Glass Lewis, a leading proxy service provider, which follows a robust process to ensure proxy votes for shares held directly by the Board are taken in furtherance of the creation of long-term shareholder value. ISBI staff regularly monitors and engages with Glass Lewis. Furthermore, ISBI believes transparency is paramount, and regularly provides comprehensive information and reporting on proxy voting activity on its website. A comprehensive proxy voting report for shares held directly by the Board is attached as Exhibit 11.

5. Corporate Engagement and Stewardship Activities

ISBI takes seriously its mandate to manage the retirement assets of the employees, judges, and General Assembly members of the State of Illinois, as well as the assets of the Illinois Power Agency Trust Fund. ISBI pursues investment excellence in all aspects of its administration and is proud of the top-tier performance it has achieved on behalf of the state's public servants. ISBI executes its mandate according to the standards of fiduciary prudence, including its corporate engagement and stewardship efforts, which encompass a range of activities and partnerships. ISBI participates in a range of industry initiatives, some of which are described below.

Midwest Investors Diversity Initiative

ISBI pursues corporate engagement as part of the Midwest Investors Diversity Initiative ("MIDI"), a coalition of institutional investors led by the Illinois State Treasurer's Office that seeks to increase the racial, ethnic, and gender diversity of Midwest-based companies' corporate boards. As part of MIDI, ISBI uses corporate engagement and shareholder rights to promote shareholder value and maximized returns.

MIDI's membership includes 16 different Midwest-based institutional investors with over \$1 trillion in assets under management and advisement. By pooling resources and engagement efforts as part of the coalition, ISBI and all members benefit from the strength of MIDI's collective voice.

Specifically, the coalition promotes adoption of evidence-based diversity measures by corporate boards of Midwest-based companies, including:

- A diverse search policy ensuring consideration of women and people of color for every open board seat;
- Disclosure of the gender and race/ethnicity of individual board directors; and,
- Disclosure of the company's consolidated EEO-1 Report.

MIDI views a diverse board as a sign of strong corporate governance and relies on the consensus among academics, industry specialists, and financial analysts that a diverse board and workforce creates shareholder value. ISBI is committed to the important work of MIDI and is particularly proud of MIDI's successful model of corporate engagement. Over its 8-year existence, MIDI has engaged 78 companies, with a total of 114 women and persons of color receiving board appointments. In addition, 66 of those companies have adopted a diverse search policy and 58 now publicly disclose board diversity data.

Council of Institutional Investors

ISBI is a member of the Council of Institutional Investors ("CII"), a nonprofit, nonpartisan

association that includes U.S. public, corporate, and union employee benefit funds, foundations and endowments, and other entities with combined assets under management of approximately \$4 trillion. CII is a leading voice for effective corporate governance and strong shareholder rights, promoting policies that enhance long-term value for U.S. institutional investors and their beneficiaries.

As a member of CII, ISBI contributes to and benefits from CII's collective advocacy on behalf of institutional investors, especially public pension funds and their beneficiaries. CII engages with key market participants across the investor spectrum, advocates on behalf of members with companies, legislators, and regulators, and promotes strong governance policies through corporate engagement and stewardship.

Illinois Investment Policy Board

ISBI holds one of seven seats on the Illinois Investment Policy Board ("IIPB") which is the entity tasked with implementing provisions of the Illinois Pension Code ("Code") forbidding investment of public assets in prohibited entities. Specifically, the Code prohibits certain investments in companies that boycott Israel, for-profit companies that contract to shelter migrant children, Iran-restricted companies, expatriated entities, companies that are domiciled or have their principal place of business in Russia or Belarus, and companies that are subject to Russian Harmful Foreign Activities Sanctions.

As a member of the IIPB, ISBI engages with any company that meets the criteria of a "restricted entity" and becomes subject to divestment pursuant to the Code. The engagement seeks to encourage a company to cease the prohibited activity, or in the case of Russia- or Belarus-based companies, to relocate their bases of operations. Engagement includes written correspondence as well as an invitation to appear before the IIPB at one of its public meetings. ISBI takes seriously this avenue of corporate engagement which is designed to ensure the investment of public dollars aligns with the values of the State of Illinois, as established by the General Assembly.

Russell 3000 Board Diversity Disclosure Initiative

ISBI also participates in the Treasurer's Office's Russell 3000 Initiative, dedicated to encouraging all companies within the Russell 3000 Index to disclose the gender and racial/ethnic makeup of their boards of directors. The Russell 3000 Initiative works hand-in-hand with MIDI to promote corporate board diversity given the correlation between such diversity and long-term performance.

ISBI joins 25 other member organizations as part of the initiative, representing a collective \$3 trillion in assets under management and advisement. ISBI uses its voice alongside other members to advocate for increased board diversity disclosure via a letter campaign to all companies within the index. According to the Treasurer's Office, as of 2022, more than 2,200 companies in the Russell 3000 Index now disclose their boards' racial, ethnic, and gender diversity.

BlackRock Emerging Broker Council

In accordance with the Illinois Pension Code and the Board's Diversity Policy, ISBI set goals for its public markets managers' use of diverse-owned broker/dealers. However, ISBI continuously seeks creative means to exceed the minimum requirements and hold its managers accountable for improving equity and access across their broader asset base. Toward that end, ISBI partnered with BlackRock to form the Emerging Broker Council, on which ISBI sits alongside several Illinois-based, minority-owned broker/dealers. The council works to expand access and opportunities for diverse-owned broker/dealers and to create connections between asset managers and diverse-owned broker/dealers.

Inclusion and Partnership in Private Markets

In September 2022, the Board adopted a policy promoting the utilization of diverse-owned investment banks within the fund's private markets portfolio, subject to best execution and fiduciary prudence. This policy includes a commitment to pursue opportunities and increase access for diverse-owned investment banks within the industry.

As part of that commitment, in February 2023 ISBI hosted an industry-leading event that brought together ISBI's private equity managers with a wide array of diverse-owned investment banks. Attendees engaged in a frank exchange of ideas centered on fostering connections and creating opportunities for partnership. ISBI hopes this initiative will continue to drive improved services and best execution while increasing access for diverse-owned firms.

Responsible Contractor Policy

Adopted in 2008 and revised in 2020, the Board's Responsible Contractor Policy is designed to guide ISBI's selection of independent contractors and their subcontractors in a manner consistent with ISBI's statutory standards of fiduciary responsibility and prudence in managing its investments. ISBI recognizes that the workforce is a key asset to deliver long-term value and that incorporating human capital factors into the investment process results in fair, beneficial, and sustainable investments. As part of the 2020 revision, ISBI staff reviewed over 20 policies from public pension plans, investment managers, and unions and worked with internal and external stakeholders to develop an industry-leading policy that operates prudently.

The policy supports and encourages fair compensation and fair benefits for workers employed by ISBI's contractors. It promotes the engagement of contractors who can be expected to provide high quality services to ISBI properties and investments while properly training and fairly compensating employees. The policy applies to those who provide building operations services, hotel management services, construction, renovation, maintenance, and other services to properties in which ISBI directly invests. It supports a healthy and profitable business environment through market competition, small business development, and control of operating costs.

Glass Lewis Engagement

As ISBI's proxy voting provider, Glass Lewis provides comprehensive proxy research and recommendations to ISBI for the annual meetings of public companies within ISBI's portfolio. ISBI relies on Glass Lewis' research and analysis capabilities, executed in line with the Board-approved proxy voting policy. As part of that research and analysis, Glass Lewis engages broadly with companies, shareholder proponents, industry experts and other stakeholders, and encourages robust disclosure of material information in order to inform analysis and decision-making. For additional information, please refer to the Glass Lewis Engagement Policy, attached as Exhibit 12.

Additional Advocacy and Partnerships

In addition to the initiatives and partnerships described above, ISBI works with a number of affinity groups to advance diversity and inclusion in the financial industry.

ISBI has developed and maintains strong relationships with the following:

- *National Association of Securities Professionals (NASP)*: NASP is a professional organization that supports diverse communities, with a particular focus on Black and Brown professionals seeking inclusion in the investment industry. ISBI seeks to serve as

- a partner to NASP leadership and to learn from NASP's advocacy and education efforts.
- *National Association of Investment Companies (NAIC)*: ISBI is a regular participant in NAIC's institutional investor roadshows, which create connections between capital allocators and NAIC's membership of diverse-owned alternative investment firms.
 - In December 2023, ISBI hosted the Institutional Investor Roadshow with NAIC. ISBI and its Strategic Partners met with 26 managers across NAIC's network of diverse-owned alternative investment firms to discuss their strategies, performance, and firm priorities.
- *New America Alliance (NAA)*: ISBI regularly joins the NAA National Tours to help build networks to advance access to capital for women and minority-owned firms, with a focus on American Latino success.
 - In October 2024, ISBI's Executive Director and Chief Investment Officer will participate as a panelist in the highly anticipated "CIO Panel" with NAA. ISBI's ED/CIO will continue demonstrating the office's thought-leadership by sharing ISBI's commitments and discussing new strategies and insights.
- *Women Investment Professionals (WIP)*: WIP is a professional community dedicated to enhancing women's opportunities in the investment industry. ISBI staff members have participated in a range of WIP events and ISBI's prior Executive Director and Chief Investment Officer was selected as WIP's 2022 Woman Investment Professional of the Year.
- *Pensions & Investments (P&I)*: P&I is an international newspaper with a target audience including investment management professionals. The organization regularly hosts conferences and events that allow ISBI and its Staff to act as thought-leaders in the space and showcase ISBI's initiatives.
 - In June 2024, one of ISBI's Senior Investment Officers represented ISBI at the Sustainable Returns conference in Chicago, speaking as part of a panel discussion on portfolio construction through the lens of sustainability.
- ISBI serves as a resource to endowments, foundations, and other pension funds seeking to establish diverse manager programs.



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: _____

Firm Address: _____

Contact Person's Name: _____ Phone: _____

Please describe how the firm integrates sustainability factors into the decision-making process.

Additional information on sustainability factors may be attached as part of this response and potentially included in the report.

By signing, I acknowledge that the information provided is correct.

Signature of Authorized Official: _____ Date: _____

Name (printed): _____ Title: _____

Illinois Sustainable Investing Act

The five sustainability factors cited in the Illinois Sustainable Investing Act (30 ILCS 238/20) are listed below for reference:

“...Sustainability factors may include, but are not limited to, the following:

(1) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.

(2) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.

(3) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

(4) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.

(5) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.”



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Name of Asset Management Firm: Apollo Asset Management, Inc.

Firm Address: 9 West 57th St, 42nd Floor, New York, NY 10019

Please describe how the firm integrates sustainability factors into the decision-making process.

Apollo Asset Management, Inc. (the “Company,” “Apollo,” or “our”) takes an integrated approach to ESG management, with oversight from Company leadership and collaboration from across the business. Investment professionals and portfolio managers are expected to integrate sustainability into their processes, to the extent appropriate and feasible in accordance with each strategy. To facilitate our approach to sustainable investment, and to help address client and market expectations, Apollo’s sustainable investing framework is built around five themes: Integration, Engagement, Transparency, Product Solutions, and Compliance. For more information about how Apollo integrates sustainability factors into the decision-making process, please refer to our Sustainable Investing and Environmental, Social & Governance Policy:

<https://www.apollo.com/content/dam/apolloaem/documents/governance/apollo-sustainable-investing-and-esg-policy-may-2024.pdf>



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Name of Asset Management Firm: Ariel Investments

Firm Address: 200 East Randolph Street, Suite 2900, Chicago, IL 60601

Please describe how the firm integrates sustainability factors into the decision-making process.

Ariel Investments' ESG Policy is provided below.

1. Objective

Our tailored approach to investing recognizes ESG issues as potentially material to business outcomes and views management teams as collaborative partners in strengthening ESG performance. As part of our bottom-up fundamental research process, our Domestic and International/Global ("I/G") investment teams assign a Proprietary ESG-risk rating for a company based on the team's assessment of industry exposure, disclosure and management of material industry-specific ESG risk factors. The Emerging Markets Value ("EMV") investment team develops a proprietary ESG view factoring in a company's risks and opportunities. The teams integrate their ESG assessments into their financial valuations. Such financial modeling and valuation work can directly impact portfolio construction. Ariel seeks to engage with management teams on ESG topics. As long-term investors we understand that many interactions do not fit neatly into short-term binary outcomes, but rather are part of a longer-term dialogue.

2. Governance

The ESG Committee (the "Committee") is responsible for reviewing Ariel Investments ESG policies annually. The Committee meets quarterly and documents its proceedings in the form of agendas and meeting minutes. The Committee is chaired by the Director of ESG Investing and is comprised of senior investment professionals from the Domestic, I/G, and EMV research teams. The Committee also includes senior leaders from Client Relations, Consultant Relations, and Legal & Compliance. In addition, the Committee is responsible for reviewing the ESG policies of Ariel Investments' affiliate, Ariel Alternatives, and includes a representative from Ariel Alternatives.

The Committee facilitates reporting and communication among its members and the broader Ariel Investments community regarding ongoing ESG-related investing and engagement topics, third party research, training opportunities, trends in the marketplace, and the regulatory landscape. In addition, the Committee facilitates an annual review of each investment team's ESG approach by Ariel Investments' board of directors and the Ariel Investment Trust board of trustees.

The Committee's other responsibilities include:

- Coordinating disclosure practices;
- Assessing firm-wide current and prospective commitments including but not limited to Principles for Responsible Investment, affiliations, and policy/advocacy statements relevant to ESG investing;
- Reviewing recommendations identified from third party or internal compliance reviews.

The Committee recognizes each strategy's chief investment officer has the responsibility for executing ESG integration activities into the respective investment processes. Our compliance team conducts periodic reviews of our ESG processes and disclosure practices to ensure compliance with applicable legal and regulatory requirements.

3. ESG in the Investment Process

As part of our bottom-up fundamental research process, the Domestic and I/G investment teams assign a Proprietary ESG-risk rating (Low / Moderate / Elevated / High) for a company. The EMV investment team develops a proprietary ESG view factoring in a company's risks and opportunities. Such assessments can be based on objective data or subjective judgment, including industry risk exposure, quality of ESG disclosure, forward-looking assessments of management performance, as well as other factors.

Each team integrates their ESG assessments into financial valuations. As a result, ESG factors incorporated into our financial modeling and valuation work can directly impact portfolio construction. ESG is one of many factors that may impact an investment decision. In addition, our portfolio-level dashboards monitor ESG issues across our strategies, which can help to inform our overall ESG risk management, future research priorities and continued learning and engagement opportunities.

Our ESG analysis is supported by decision-useful insights obtained from third-party sources, such as Bloomberg, ISS, MSCI, and Refinitiv, alongside data points from our proprietary research. Our proprietary research is informed by company disclosures such as company websites, sustainability reports, and SEC filings, direct dialogue with management teams, and other ESG-focused organizations, such as SASB.

Each investment team maintains a customized approach to structuring ESG assessments as well as curating and integrating ESG data into their respective investment processes. In general, we view individual data points on a case-by-case basis as part of a broader mosaic approach. There may be variation among the teams' ESG risk assessments and ESG data integration (even for similar or the same companies), as the investment teams create their own ESG assessments and approach to integrating ESG data into their investment decisions.

The primary objective of integrating ESG into investment analysis and decisions is to manage potential risks and opportunities which may have a material financial impact on clients' investment portfolios. This aligns with the overall investment objectives of the strategies that Ariel manages, as disclosed in the applicable governing documents of each portfolio, as well as our fiduciary duty to protect client assets and act in the best interest of investors. In addition, considering ESG factors helps us to develop a deeper understanding of sustainability issues and potentially reduces detrimental sustainability outcomes.

4. ESG Considerations

The relevance and materiality of ESG factors varies by industry and geography and their impact on our investment thesis. We therefore do not have a "one-size-fits-all" approach but a case-by-case assessment of materiality and relevance, as determined by the investment teams. For example, we may consider the Social factors to be highly relevant for a financial services company with a retail client base, while Environmental issues may be more relevant for a utility or energy services company because they enable the transition to a low-carbon economy. Finally, corporate Governance is relevant if management engages in behavior or decision-making that would harm shareholders over the long-term. As patient investors who invest with a long-term investment horizon, we consider the materiality of ESG exposures from both a short- and long-term point of view.

We consider a wide range of ESG-related factors to better understand a company's risk exposure, risk management, quality of disclosure, performance, and potential for improvement.

Climate Change

Ariel Investments, as a company, is committed to assessing and managing our exposure to climate-related risks and opportunities. Our investment teams incorporate physical or transition climate risk and opportunity assessments into their analysis and/or direct company engagement when relevant and material as part of the broader review of an investment. In addition, we perform a quarterly climate risk analysis

across our strategies to monitor carbon footprint and carbon intensity metrics relative to the strategies' respective benchmarks. At the firm level, we track metrics related to the firm's overall environmental footprint. Ariel Investments supports the primary goal of the Paris Agreement – to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Human Rights

Our investment teams incorporate human rights considerations into their analysis and/or direct company engagement when relevant and material as part of the broader review of an investment. We recognize the direct and indirect impacts portfolio companies may have on human rights, and we seek to mitigate any potential significant harm or adverse impact on human rights. In general, we support the goals of the UN Principles on Business and Human Rights.

Diversity, Equity, and Inclusion

At Ariel, diversity is not aspirational, it's foundational. Our culture was built on the conviction that diverse perspectives lead to better decision-making which we believe leads to better outcomes. The wide range of experiences, backgrounds and viewpoints across our teams gives us a competitive advantage that enhances the financial futures of our clients. Our investment teams incorporate diversity, equity, and inclusion assessments when relevant and material as part of the broader review of an investment. In general, we encourage portfolio companies to embrace diversity practices to strengthen their businesses.

Other ESG Issues

Examples of other sustainability-related issues include the following:

Environmental

- Air Quality
- Energy Management
- Ecological Impacts
- Greenhouse Gas (GHG) Emissions
- Physical Impacts of Climate Change
- Waste and Hazardous Materials Management
- Water and Wastewater Management

Social

- Access and Affordability
- Customer Privacy
- Customer Welfare
- Data Security
- Diversity and Inclusion
- Employee Engagement
- Employee Health and Safety
- Human Rights and Community Relations
- Labor Practices
- Materials Sourcing and Efficiency
- Product Design and Lifecycle Management
- Product Quality and Safety
- Selling Practices and Product Labeling
- Supply Chain Management

Governance

- Business Ethics
- Business Model Resilience
- Competitive Behavior
- Critical Incident Risk Management
- Management of the Legal and Regulatory Environment
- Systemic Risk Management

5. Exclusions

Ariel's portfolio managers are responsible for investing each client's portfolio in accordance with the client's respective investment guidelines and in accordance with regulatory restrictions communicated to them by clients and/or the legal and compliance department. While Ariel does not employ strict exclusionary practices across all strategies, our domestic strategies avoid companies whose primary (greater than 50%) source of revenue is derived from the production or sale of tobacco products, the manufacture of firearms, or the operation of for-profit prisons. The portfolio managers of these strategies believe these industries are more likely to face shrinking growth prospects, draining litigation cost and legal liabilities that cannot be quantified. As an additional risk guideline, the Ariel Fund, Ariel Appreciation Fund, Ariel Small Cap Value, Ariel Small Cap Value Concentrated, Ariel Small/Mid Cap Value, and Ariel Mid Cap Value strategies do not initiate new positions in High ESG Risk companies according to our proprietary research process. The I/G and EMV teams consider exclusions of certain sectors or securities, for ESG or other regulatory reasons, at client request.

6. Engagement and Active Ownership

Our approach to ESG engagement is grounded in principles of inclusion and improvement via engagement and dialogue. Our primary stewardship objective is to maximize overall value to our clients. We engage with the goal of preserving or enhancing value over the long term. Ariel seeks dialogue with management teams to encourage improvement on ESG disclosure and performance across financially material ESG issues. The materiality of ESG factors varies by industry, geography, and impact on our investment thesis. In general, as part of our ESG engagement, we seek to focus our discussions on key ESG improvements that will drive the greatest financial impact and/or where our efforts or support can have a higher probability of success, such as instances in which we are large and/or long-standing investors.

Our investment teams employ a variety of methods in ESG engagements. For example, direct engagement typically includes conversations and other interactions with management teams, board members, and key business unit or organizational leaders on specific issues, letters on thematic ESG topics, company-tailored recommendations for diverse board members, and other forms of direct dialogue. Individual investment teams may also engage in dialogue with subject matter experts, regulators, suppliers, and third-party vendors. The engagement method and frequency of interaction varies depending on the individual context for a given investment portfolio company.

We track our interactions with portfolio companies. As long-term shareholders we understand that many engagements do not fit neatly into short-term binary outcomes, but rather are part of a longer-term dialogue.

While our approach to ESG engagement typically focuses on supporting or partnering with management teams on their efforts to strengthen management and disclosure of material and relevant ESG issues, we may employ escalation tactics on a case-by-case basis when we believe material ESG issues are not being adequately addressed by management teams. We do not employ a formulaic approach to escalation. While stewardship is not mandatory, approaches will vary depending on the relationship and history with management, the industry or business model, and/or the nature and materiality of the ESG issue. As long-term investors, we recognize that meaningful change does not happen overnight. Our forms of engagement may vary from identifying and engaging with key business unit or organizational leaders with responsibility for a given topic, articulating or sending a letter to management outlining our concern, vote against management on a proxy voting proposal, and/or consider selling a position.

On occasion, we may consider participation in 'collaborative engagement' initiatives, such as through joint letters, in partnership with other investors or third-party organizations. Such opportunities are evaluated on a case-by-case basis and executed in a manner consistent with applicable laws and regulations.

We integrate ESG considerations into our proxy voting decisions. Ariel's proxy voting guidelines for its investment strategies are detailed in our Proxy Voting Guidelines which are made available upon request to ClientserviceIR@arielinvestments.com.

In general, the investment teams seek to promote positive sustainability outcomes and avoid adverse sustainability outcomes. While we focus on outcomes that are relevant and material to the investment thesis, sustainability outcomes are not our primary driver or objective.

7. Collaboration

Ariel Investments, as a company, plays an active role in the broader ESG community to encourage greater adoption of ESG best practices among investors and corporations. We participate in or support various investor initiatives and partnerships.

8. Reporting

Ariel produces an annual publicly available ESG Report detailing our approach to ESG integration, engagement activities, participation in industry groups, policy discussions, and leading ESG performance as a firm.

9. Conflicts of Interest

Ariel has adopted a Code of Ethics and other compliance policies and procedures, inclusive of conflicts of interest and proxy voting policies and procedures, to preserve the independence of its investment advice to its clients. Ariel's proxy voting policy addresses how Ariel manages and mitigates conflicts of interest with respect to voting its clients proxies.



2022 ESG REPORT



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- twitter.com/arielinvests



2022 ESG REPORT

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Environmental, Social and Governance (ESG) Defined

CDP (formerly Carbon Disclosure Project) is a global disclosure standard for companies, cities, states and regions to report their environmental impacts.

SASB (Sustainability Accounting Standards Board) standards identify the subset of sustainability issues most relevant to financial performance across 77 industries.

SBTi (Science Based Targets initiative) defines and promotes best practices in emissions reductions and net-zero targets in line with climate science.

TCFD (Task Force on Climate-Related Financial Disclosures) is a widely adopted disclosure framework that helps public companies and other organizations disclose climate-related risks and opportunities.

Our Values

Active Patience®

Good outcomes take time. While patience may suggest stasis, such rigorous discipline in fact requires constant, dynamic engagement. We are diligently and continually assessing changing conditions, identifying undervalued opportunities, making connections to glean new insights and setting more ambitious goals. Relationships that have been cultivated over decades enable us to benefit from a myriad of perspectives.

Independent Thinking

Different is our advantage. In a world where fitting in feels better than standing out, generic viewpoints and hollow information reign supreme. We seek to develop our own, unique insights and are comfortable being uncomfortable—which is key to realizing long-term value. Our contrarian views result from meticulous, fundamental, bottom-up research. Analyzing and questioning every position means that when we choose, we do so with knowledge and conviction.

Focused Expertise

We go deep. Jacks of all trades need not apply. As someone once said, “An expert is someone who knows more and more about less and less.” Decades of accumulated knowledge in our core competencies mean we can draw upon a treasure trove of experience when considering every decision. While our approach is time-tested, our learning is never done.

Bold Teamwork

Confident humility holds us together. No one person is sufficient to our clients’ success. We can only win as a team, and we know diverse teams drive better outcomes. As we seek to leverage our collective intelligence, we encourage our colleagues to be courageous when engaging with each other. Silence can be dangerous, and acquiescence can breed mediocrity. Candor builds trust and respectful dissent serves our greater good.



CO-CEOS, JOHN W. ROGERS, JR.
AND MELLODY HOBSON

*No one person is sufficient to our clients’ success.
We can only win as a team.*

ABOUT ARIEL

Firm Facts

as of December 31, 2022

Chicago | New York | San Francisco | Sydney

40
Years

123
Employees

\$16.2
Billion in Assets

5
Mutual Funds

5
Market Cycles

95.2%
Employee and Board
Ownership

9
Separate Account
Strategies

2
Private Funds

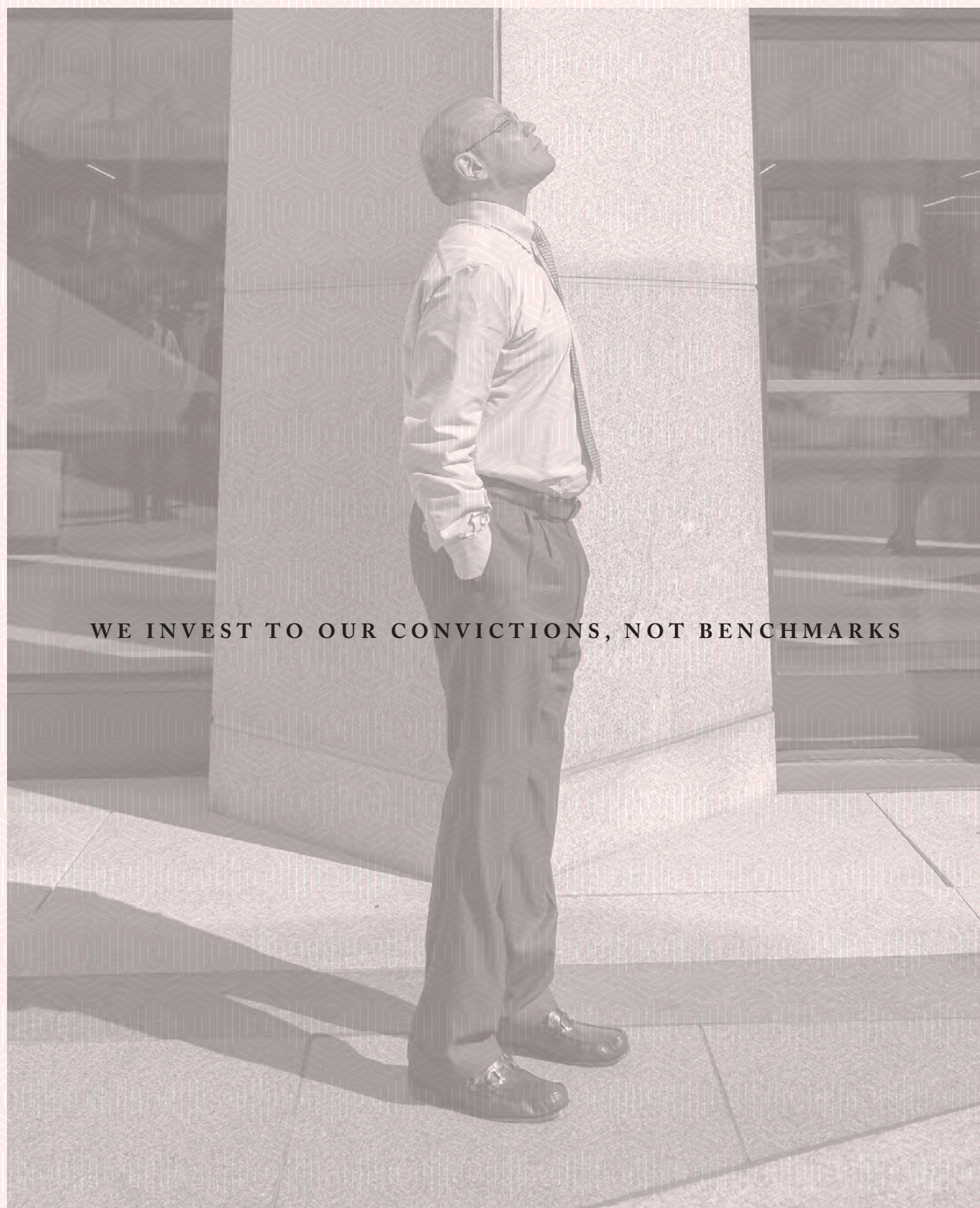
100%
Assets Under Management Covered by our ESG Policy

Employees include Ariel Investments and its affiliated entities.

Assets under management include \$1.35 billion for Ariel Alternatives, a subsidiary of Ariel Investments, which reflects aggregate commitments and excludes fund-specific leverage.

Private Funds total includes the Ariel Alternatives' private fund.

Ariel has adopted one ESG Policy that sets minimum ESG research and analysis standards across all investment strategies and products. However, not all adopt the same ESG investment restrictions or guidelines. The ESG Policy is available on our website, www.arielinvestments.com.



WE INVEST TO OUR CONVICTIONS, NOT BENCHMARKS

FROM THE CO-CEOs

The past year was challenging on many fronts. Global equity markets reeled from the aggressive actions of central banks to fight the highest inflation in decades. In addition to Russia's invasion of Ukraine, ongoing supply chain challenges contributed to economic turmoil. ESG became a political football exemplifying the partisan divide in the U.S.

Yet, after a year of disruption, we see reasons for optimism. As long-term value investors, we have navigated 40 years of market volatility, including recessions, wars and market meltdowns. We know the best opportunities often arise when other investors are fearful. As debates about ESG have entered the headlines, we continue to believe a company's responsible business practices ultimately impact financial performance.

While approaches to ESG, and even the terminology, have evolved over the years, we have been steadfast in our commitment to integrating sustainability-related factors into our investment process since our firm's inception. At Ariel, we practice what we call Active ESG. Rather than relying on third-party assessments, we have developed our own proprietary ESG research framework to identify and assess insights that help our decision-making. Additionally, our investment teams, including our dedicated responsible investing specialists, build deep relationships with our portfolio executives to support and advance their company-specific ESG efforts.

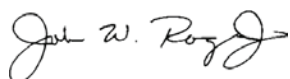
We know we must continuously improve in an evolving ESG marketplace. In our 2022 ESG Report, we outline our rigorous approach to ESG investing and highlight the outcomes achieved over the past year. We have worked to increase transparency to stakeholders on key topics, including the disclosure of our proxy voting rationales and portfolio-level ESG characteristics. Additionally, we formalized our ESG governance structures at both the investing and firm level.

2023 marks the 40th anniversary of our company's founding. While much has changed over the past four decades and the world continues to become more complex, our resolve to serve our clients faithfully has only strengthened. Our long-term view, as manifested by our tortoise mascot, underscores all that we do.

We are dedicated to making a lasting impact on our communities and advocating for positive change in our portfolios and in our bigger world.

We appreciate your consideration and support of our Active ESG efforts.

Sincerely,



John W. Rogers, Jr.
CO-CEO AND CHIEF INVESTMENT OFFICER



Melody Hobson
CO-CEO AND PRESIDENT

ESG Our Way

What Makes Us Different



Engagement Drives Outcomes

We invest in companies and their management teams. Building long-standing relationships with the leadership of our portfolio companies is a cornerstone of our research efforts as well as our Active ESG philosophy. Our tailored approach seeks to meet our companies where they are. Our goal is to support and encourage disclosure and management of material ESG issues. We focus our engagement on companies that may be earlier in their ESG journeys or those with room for improvement. Through our efforts, we have affected a multitude of key ESG issues. For example, more than 55 of our portfolio companies have added diverse directors following our engagement.

Focused Approach to Research

Ariel has long been at the forefront of responsible investing, and we remain committed to continuous improvement. From as far back as the 1980s, we incorporated social screens and formalized environmental due diligence in our research. In more recent years, we established a dedicated ESG team and developed proprietary ESG Risk Ratings to further deepen the role of ESG in our process. We strongly believe ESG performance can be a critical component of investment success over our long-term time horizon. We seek out management teams who understand that sustainability-related issues matter for employees, suppliers, customers and other stakeholders. In our view, these companies are more likely to be profitable and deliver long-term shareholder value.

ESG Personified

Our commitment to ESG is not limited to our investment policies and practices. We live our values every day through our people, operations and culture. As the first African American-owned mutual fund company in the United States, we seek to embed principles of diversity, equity and inclusion (DEI) across all aspects of our organization. For example, our diverse board of directors is comprised of 80% minority and/or women leaders. Similarly, our executive leadership team is comprised of 70% minority and/or women leaders. Additionally, Ariel's Green Team promotes environmental sustainability initiatives across the firm.

ESG Highlights

In 2022, we reached new milestones and enhanced our approach in numerous ways. In an evolving ESG marketplace, we remain committed to continuous improvement.

ESG Research and Engagement

- **Bolstered climate risk capabilities** with quarterly analysis of portfolio-level carbon footprint and carbon intensity measures relative to the appropriate benchmark
- **Held approximately 200 ESG engagements** across our investment strategies
- **Implemented an internal system** for tracking the outcomes of portfolio company ESG engagements across our Domestic strategies
- **Launched a letter campaign** to encourage Task Force on Climate-Related Financial Disclosures (TCFD)-aligned reporting across our Global portfolio companies

Governance, Reporting and Transparency

- **Formalized ESG governance structures** at both the portfolio and firm-level through the establishment of the Corporate Responsibility, Sustainability and Governance Committee of the board and the executive-level ESG Committee
- **Committed to report annual strategy-level ESG performance metrics**
- **Committed to disclose shareholder proxy voting rationales annually**

Advancing the Conversation

- **Our 2022 Black Investor Survey** found investor participation at historic lows for both Black and white Americans
- **Director of ESG Investing, John Oxtoby**, co-taught “Introduction to ESG and Impact Investing” at the University of Chicago Harris School of Public Policy

ESG Personified

OUR TEAMMATES

- **Launched Ariel Rising Professionals Network (ARPN)** to foster development and networking opportunities for early professionals

OUR ENVIRONMENT

- **Performed our first Greenhouse Gas (GHG) inventory** to begin measuring our own environmental footprint
- **Published our first TCFD-aligned climate report**
- **Hosted Green Team learning and action event** focused on regenerative agriculture

OUR COMMUNITY

- **38 students graduated from Ariel Community Academy**, of which 25 opened **529 college savings accounts** funded by proceeds from the Ariel Investment Program

TIMELINE

Our Road to Progress

A Look at Ariel's Milestones over the Years

1983

Founded as the first African American-owned money management firm in the United States

1986

Partnered with The Calvert Group to distribute our flagship Ariel Fund

1987

Managed South Africa free portfolios to end Apartheid

1989

Incorporated environmental research and due diligence into equity research process

Adopted negative weapons screen

1998

Launched Ariel Schwab Black Investor Survey

2002

Incorporated environmental and social considerations in proxy voting guidelines

Co-founded the Black Corporate Directors Conference

2005

Introduced Focused Value Strategy

2011

Launched International and Global Strategies

2019

Expanded designated team of ESG professionals across Domestic and Global research teams

2020

Signed the United Nations Principles for Responsible Investment (PRI)

2021

Expanded ESG integration across all portfolios

Launched Ariel Alternatives

Began managing Schwab Ariel ESG ETF

TIMELINE

1990

Joined the Sustainable Investment Forum (US SIF)

1996

Established Responsible Investment Policy including environmental and social considerations

Adopted negative screen on tobacco companies for Domestic portfolios

Founded Ariel Community Academy

2016

Founded the John W. Rogers, Jr. Scholars internship program at the University of Chicago

2018

Appointed Director of ESG investing

Developed proprietary ESG Risk Ratings

Ariel Fund

Our Early Days in ESG

As early as the 1980s, our flagship Ariel Fund integrated ESG considerations into our investment philosophy and process. In fact, Ariel Fund's Prospectus* disclosed ESG criteria and restrictions across multiple dimensions:

ESG considerations in our investment philosophy:

"The Fund actively seeks to invest in companies that achieve excellence in both financial returns and environmental soundness, selecting issuers that take positive steps toward preserving our environment and avoiding companies with poor environmental records."

"The Fund's Investment Advisor and Manager believe that there are long-term benefits inherent in an investment philosophy that demonstrates concern for the environment, human rights, economic priorities and international relations."

ESG integration in the investment process:

"The Investment Manager has engaged the services of Franklin Research and Development Corporation of Boston to provide environmental screening with respect to investment securities eligible for the portfolio. In addition, Franklin provides ongoing environmental screening for all issuers selected for the portfolio."

Use of exclusionary screens:

"The Fund will not invest in issuers which the Investment Manager ascertains are engaged in business in South Africa."

"The Fund will not invest in issuers primarily engaged in the manufacture of weapons systems."

* Ariel Fund Prospectus (1989)



ENGAGEMENT DRIVES



ESG Engagement in Action

Consistent with our Active ESG philosophy, our approach to engagement is grounded in principles of inclusion and improvement via ongoing dialogue. While our targeted efforts are driven by company-specific factors and bottom-up analysis, we also considered five macro themes across our strategies in 2022: **climate change; cybersecurity; DEI; ESG in executive compensation; and collaborative engagement.***

Tackling Climate Risk

We view climate risk as a fundamental business risk. We encourage our portfolio companies to incorporate climate risk in long-term strategic planning and reporting using guidelines developed by the TCFD. Providing TCFD-aligned disclosure and developing robust climate risk

identification processes enable management teams to analyze and report on climate risk and associated mitigation strategies. In 2022, our Global team engaged 15 portfolio companies lacking TCFD-aligned disclosure via a letter campaign. Seven of those companies responded, two of whom committed to developing TCFD-aligned reporting. And, our Domestic team held 38 climate risk engagements.

The Growing Risks of Cybersecurity

Cybersecurity is a key ESG risk facing all companies. The threat of cyber incidents continues to grow as ransomware attacks have increased since the beginning of the pandemic.

In March 2022, the FBI warned of increased cyber threats in the energy, industrial, financial services and information technology sectors. We engaged cybersecurity experts to enhance our understanding of best practices and held a training session to assess the prevalence and magnitude of cyber risk across our Domestic strategies. We subsequently engaged 38 of our portfolio companies, prioritizing those in the most at-risk sectors identified by the FBI, to understand and encourage best practices, including:

- Governance and board skills
- Cybersecurity talent management
- Employee and contractor training
- Certifications and frameworks
- Industry practices

Portfolio Company Engagement Summary

Climate Change 64	Cybersecurity 60	Diversity, Equity and Inclusion 127
ESG in Executive Compensation 38	Collaborative Engagement 41	

* Collaborative engagement refers to the joint efforts by multiple investors or related stakeholders to influence corporate disclosures or management practices on a given ESG topic.

Our Approach to Engagement

Our investment teams encourage portfolio management executives to develop best practices in ESG and implement improvements—all with the goal of enhancing long-term shareholder value. We concentrate Ariel's efforts in areas where we believe our support will have a higher probability of improving ESG outcomes. This includes companies where we are a large and/or long-standing investor.

There is no “one-size-fits-all” ESG strategy at Ariel. We take a bespoke approach by tailoring our engagement to each company's needs. For example, we may focus on renewable energy capital expenditures at a utility company because they enable the transition to a low-carbon economy. When engaging with a food retailer, we might concentrate on the quality, sourcing and affordability of products to meet a growing consumer base.

We define direct engagement to include letters and conversations with management. Beyond typical ESG topics, we might recommend candidates to portfolio companies looking to diversify their boards. We also might call out significant company-specific issues in our conversations. Our investment teams may also consult with third-party subject matter experts, regulators, suppliers and vendors to gain further insight into our holdings.

As long-term shareholders, we know many of our engagements do not immediately lead to short-term or binary ESG outcomes. Rather, they require longer-term, evolving conversations. As a result, we track these interactions.

Senior members of our investment teams frequently participate in our ESG engagement meetings along with portfolio company board members, executives and/or business unit leaders. Executive presence from both sides helps us assess the company's commitment as well as the risks and opportunities that lie ahead.

While we work to partner with leadership teams to strengthen management and disclosure of material and relevant ESG issues, we may employ escalation tactics from time to time when we believe problems are not adequately being addressed. Approaches will vary and may include: engaging with the key business unit or organizational leaders

on a given topic; verbal or written communications outlining our concerns; voting against management on a proxy voting proposal; or selling out of a position. On occasion, we may collaborate with other investors or third-party organizations. We evaluate these opportunities individually and execute in a manner consistent with applicable laws and regulations.

Approach to Sustainability and Engagement Outcomes

In general, we seek to promote positive ESG-related outcomes and avoid or mitigate adverse consequences with respect to sustainability. While sustainability metrics are not our primary driver or objective, we seek to influence ESG-related outcomes in the strategy and operations of our portfolio companies where relevant and material.

In 2022, the Domestic team implemented an internal system for tracking ESG engagement outcomes across three categories:

DISCLOSURE | Company enhances transparency or disclosure on a key ESG topic, such as:

- SASB or TCFD-aligned reporting
- Cybersecurity policies and procedures
- Executive compensation practices

COMMITMENT | Company commits to developing strategy, policy or target tied to a key ESG issue, such as:

- Net-zero/Science Based Targets initiative (SBTi)
- Explicit DEI goals
- Pay equity goals

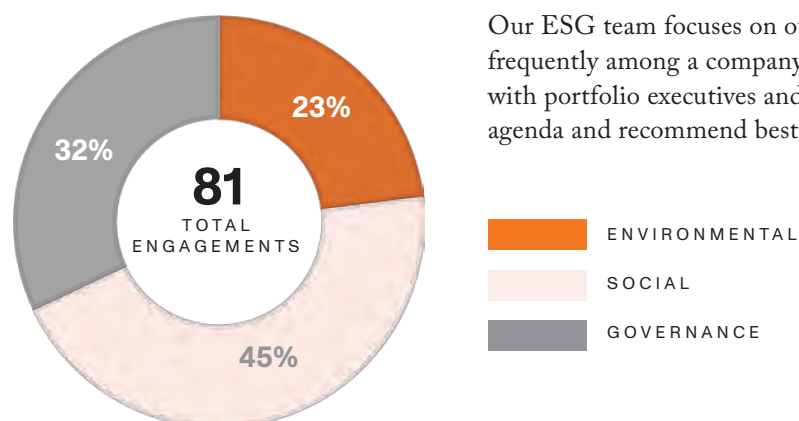
IMPACT | Company makes measurable improvements on a key ESG topic, such as:

- GHG emissions
- Workplace injuries
- Board diversity

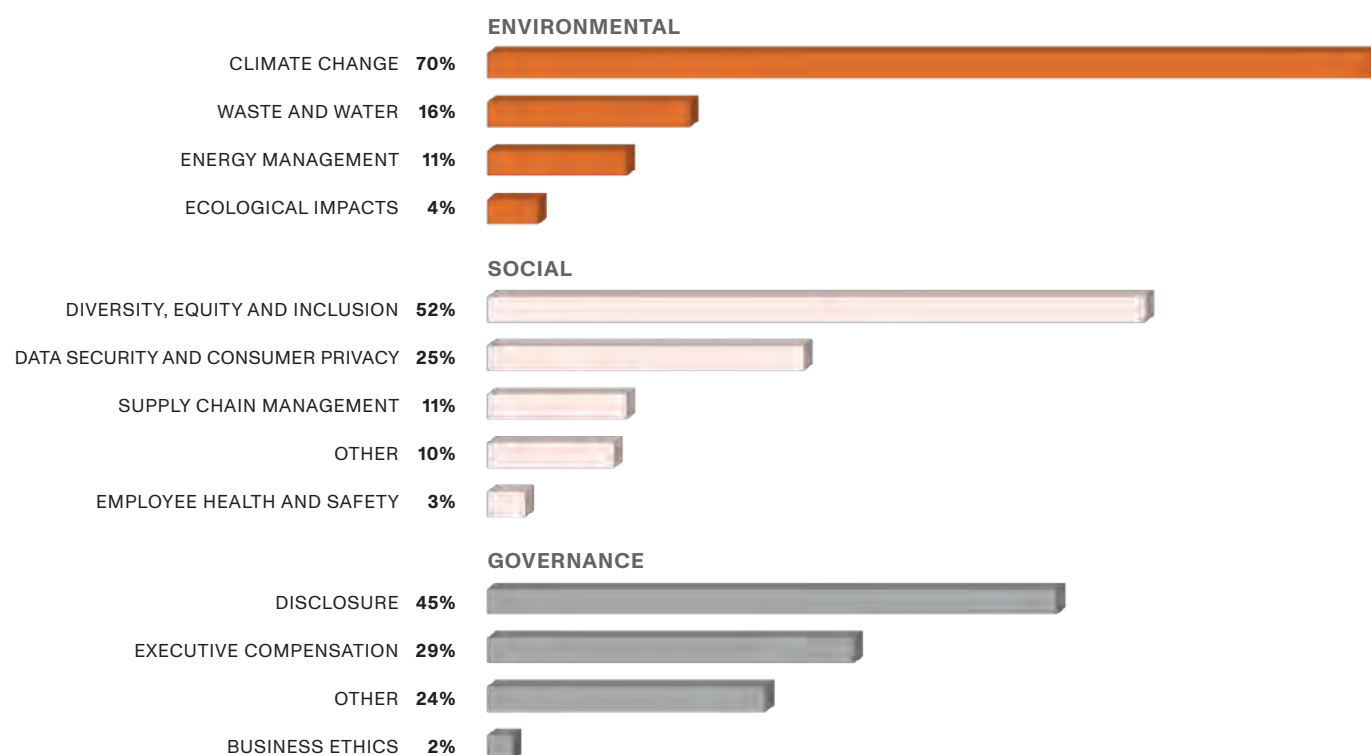
ENGAGEMENT STATISTICS

Domestic Team Portfolio Engagement

Engagements by Issue



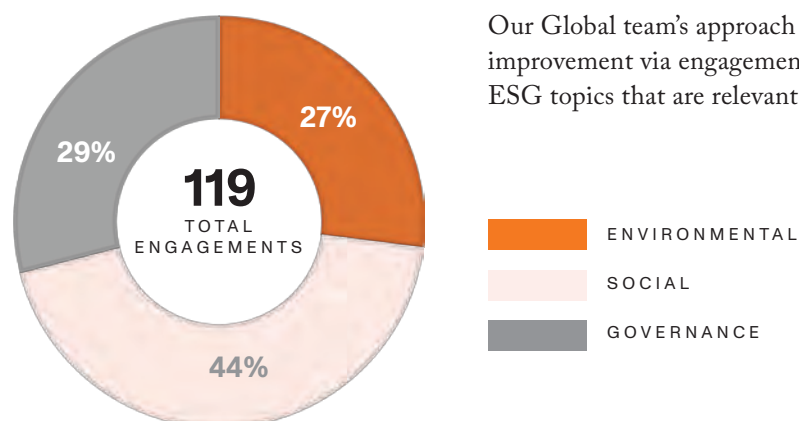
Engagements in Focus



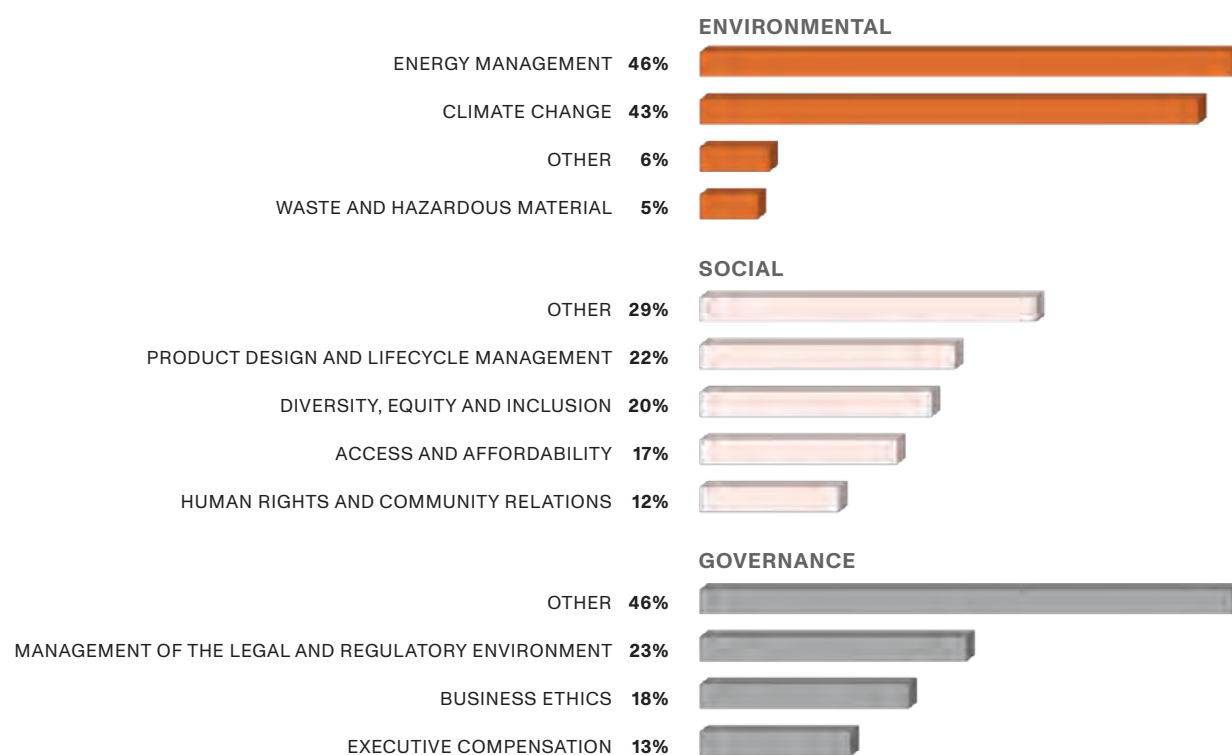
ENGAGEMENT STATISTICS

Global Team Portfolio Engagement

Engagements by Issue



Engagements in Focus



CASE STUDIES

Kennametal Inc.

Issue: Climate Risk and ESG Governance

Category: Environmental

Sector: Industrials



Background

Kennametal Inc. (KMT) is a U.S.-based manufacturer of tooling and industrial materials. Its products are used in metal cutting and extreme-wear applications to help customers address corrosion and high-temperature conditions worldwide. Ariel has been a shareholder since 2014.

Approach

We have engaged with the KMT team on material ESG topics throughout our ownership. In the fourth quarter of 2019, we were invited to meet with their board of directors to offer our perspective on the company's business and ESG strategy. In subsequent conversations with management, we discussed material ESG issues, including electric vehicle (EV) adoption; raw materials sourcing; DEI; as well as climate risk. We encouraged management to adopt formalized ESG management and oversight as well as to report using widely adopted ESG disclosure frameworks, such as those developed by SASB and TCFD.

Results

KMT continues to improve its ESG disclosure and risk management practices. In 2021, the company established formal board and executive management oversight on sustainability-related issues through its ESG Steering Committee. Additionally, in 2022, KMT reported SASB and TCFD-aligned disclosures—increasing transparency on financially material issues related to its business operations. We are pleased to see KMT's continued progress and look forward to working with the company on climate-related issues, including target-setting, in the future.

ESG Outcomes

Update on Vail Resorts, Inc.

We are pleased to see Vail continue to invest in its DEI strategy. According to Vail Resorts' latest ESG report, during the 2021–22 winter season, the company hosted more than 8,000 youth from cities including New York, Chicago and Boston to provide access to skiing and snowboarding. More than \$8 million of goods and services were also donated.

Case study examples chosen to better explain Ariel's ESG engagement process. Not all engagements are conducted the same way or produce the same results.

CASE STUDIES

CLP Group

Issue: Climate Risk
Category: Environmental and Social
Sector: Utilities



Background

In 2013, Ariel's Global team began researching CLP Group (CLP), an electricity generation and transmission company with operations in Australia, Hong Kong, India, Mainland China and Southeast Asia. We were intrigued by the company's proactive policies related to climate change. In 2007, CLP launched "Climate Vision 2050" as a roadmap for managing climate-related risks and opportunities in its business strategy, well ahead of its peers and before it became a mainstream topic. However, despite CLP's strong ESG credentials, our concerns that falling interest rates would adversely impact returns during the next regulatory review of electricity tariffs kept us from buying the name.

Several years later, after we received clarity on electricity tariffs and their impact on returns, as well as the size of CLP's multi-year investment program in critical infrastructure, we revisited the name. Our research showed the company would be able to effectively contribute and transition to a low-carbon economy, given its strong relationships with local regulators and government bodies. CLP's resilient balance sheet would allow for large-scale investments. We purchased the stock in 2019.

Approach

Environmental impact related to coal assets is a critical risk facing the power generation, transmission and distribution industry. That said, we are mindful of how CLP's coal-fired plant allowed for affordable prices that make electricity widely available to lower income customers.

While our engagement with management concerning CLP's low-carbon transition plans began in 2013, it resumed with greater intensity prior to our investment in the company. In particular, we were apprehensive about its coal-fired power plant in Australia. Our conversations with the CEO and CFO offered a multi-faceted understanding of the challenges surrounding this ESG issue.

While the damaging environmental impacts were clear, we were also mindful the coal-fired plant provided 20% of the electricity needs in the State of Victoria at affordable prices. Simply shutting the plant down would mean many local households would lose power. Being excessively focused on improving the 'E' part of ESG could adversely impact the 'S' component of ESG.

Results

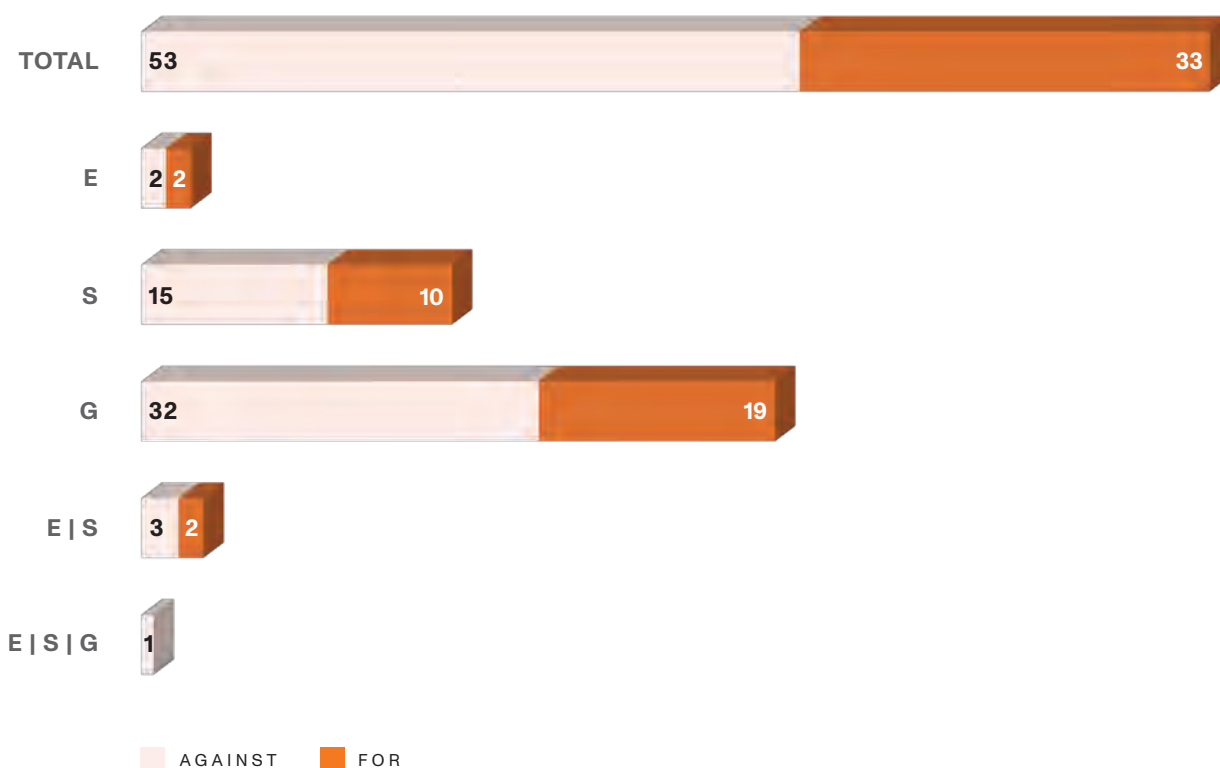
Instead of demanding CLP shut down or divest its Australian subsidiary, we encouraged the company to take time to formulate an acceptable resolution. In early 2021, CLP's subsidiary EnergyAustralia signed an agreement with the Australian government to address energy security challenges while meeting net-zero and financial targets. The government agreed to subsidize an otherwise unprofitable investment in renewable energy. In turn, energy would be available at a reasonable cost to local customers with a positive environmental impact. Patience and pragmatism resulted in improved 'E' and 'S' ratings for the company, as well as a better result for all stakeholders.

In February 2022, the company accelerated its commitment to exiting all coal assets by 2040, a decade earlier than previously pledged. **A good outcome.**

Case study examples chosen to better explain Ariel's ESG engagement process. Not all engagements are conducted the same way or produce the same results.

PROXY VOTING

2022 Proxy Voting Summary



This figure represents the total number of shareholder proposals for portfolio companies across Ariel's Domestic and Global strategies during the 2022 proxy season. Proxy voting data is derived from ISS voting records. ESG categories are reported according to ISS guidelines. Duplicate votes are counted in a limited number of instances where investment teams vote differently on the same proposal.

Approach to Proxy Voting

We view proxy voting as an extension of our core research and engagement efforts. As such, we integrate material ESG issues into our proxy voting decisions consistent with our fiduciary obligation to clients. Our portfolio management teams are responsible for all proxy voting decisions.

We incorporate Institutional Shareholder Services, Inc. (ISS) research and recommendations in our proxy voting processes, as reflected below:

- Our Domestic team reviews ISS research, but makes its own, independent proxy voting decisions.
- Our Global team generally votes in accordance with ISS recommendations, but may deviate from an ISS recommendation when deemed to be in the best interests of shareholders.

Additionally, we engage directly with ISS through surveys and other interactions to offer our perspective and feedback.

The Domestic team incorporates an additional proxy voting policy on board diversity. We generally vote against committee chairs (or equivalent) of boards that lack racial/ethnic or female directors. The policy also clarifies that we evaluate each voting decision on a case-by-case basis recognizing that improving board diversity takes time.

Spotlight

Stericycle, Inc. (SRCL)

The Proposal: A shareholder proposal called for a third-party civil rights audit.

Our Rationale: Our Domestic research team has a strong relationship with Stericycle management and has engaged in ongoing dialogue related to its efforts to advance DEI. Following our conversations, Stericycle signed the CEO Action for Diversity pledge committing to taking steps, such as implementing unconscious bias training and/or adopting board oversight on DEI efforts. In the last year, Stericycle expanded its parental leave policy, committed to pay equity, formalized DEI oversight by the nominating committee and developed internal KPI's. We were satisfied with these efforts and will continue to monitor the company's progress. As a result of management's responsiveness to our dialogue, we voted against the proposal.

Our Vote: AGAINST

Spotlight

Berkshire Hathaway Inc. (BRK.B)

The Proposal: A shareholder proposal called for a report on climate-related risks and opportunities.

Our Rationale: After evaluating the proposal, our Global research team determined support for the proposal was warranted. Since we view climate risk as a long-term business risk, additional disclosure on this topic is in the best interests of shareholders.

Our Vote: FOR

Public Sector Engagement

We believe engaging in policy advocacy is consistent with our fiduciary duty because policy and regulatory topics can impact the stability of financial systems and prevalence of systemic risks. Additionally, we seek to support informed public policies that promote positive sustainability outcomes.

In 2022, **Ariel executives held more than 75 meetings with leading policymakers** on issues related to the U.S. wealth gap and advancing business diversity. Evidence suggests economic inequality poses a risk to U.S. corporations and the economy at large. From lost growth, to the destabilizing effects of racial injustice, social unrest and economic inequity, academic researchers have identified sources of economic risk embedded in these growing disparities.

2022 Highlights

- John Rogers served as chair of the **Small Business Administration's Council on Underserved Communities (CUC)**, which works to develop policy recommendations to address economic inequality and strengthen the diverse-owned business community.
- In partnership with the White House, Ariel joined 24 companies and foundations as founders of the **Economic Opportunity Coalition (EOC)**. The EOC was formed to address disparities and accelerate economic opportunity in underserved communities.
- Arielle Patrick, Ariel's Chief Communications Officer, facilitated a policy discussion at the Legislative Symposium of the **National Association of Securities Professionals (NASP)** with U.S. Senator Tim Kaine (D-VA) and U.S. Representative Emanuel Cleaver (D-MO). The session focused on advancing business diversity in the federal employee retirement system as well as higher education through legislative proposals sponsored by these Congressional leaders.
- John Oxtoby, Ariel's Director of ESG Investing, hosted an investor roundtable with **National Climate Advisor**, Ali Zaidi, to consider ESG and environmental justice issues. He also helped convene student groups, environmental justice leaders and local policymakers to discuss the federal government's approach to climate change and enabling a just transition to sustainable energy sources.
- U.S. Treasury Secretary, Janet Yellen appointed John Rogers to the inaugural **Treasury Advisory Committee on Racial Equity (TACRE)**. The first-of-its-kind committee aims to provide advice and recommendations to the Treasury Department on efforts to advance racial equity in the economy and address acute disparities for communities of color.

Our Partnership with the University of Chicago Harris School of Public Policy



Our Director of ESG Investing, John Oxtoby, is a part-time faculty member at the University of Chicago Harris School of Public Policy. He co-teaches, “Introduction to ESG and Impact Investing.”

John also co-authored a white paper in the Chicago Booth Review entitled, “Racial Inequality is a Business Risk,” on the importance of corporate leaders and investors addressing economic inequality as a form of risk management.

Ariel Alternatives SPOTLIGHT ON PROJECT BLACK

As of December 2018, there were **only 5 Black-owned businesses** in the United States with more than **\$1 billion in revenue**.

In a survey of over **400 companies** representing over \$1.4 trillion in corporate expenditures, **80% spend less than 5%** with diverse businesses.

SUPPLIER I.O. 2023 BENCHMARKING REPORT

AmerisourceBergen

AMGEN

ballmer
GROUP

HOBSON/LUCAS
FAMILY FOUNDATION

JPMORGAN
CHASE & CO.

LOWE'S

MERCK

T



LESLIE A. BRUN
FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
ARIEL ALTERNATIVES, LLC

Progress Through Profits

We announced our first foray into private equity in February 2021 with the launch of Ariel Alternatives, a subsidiary of Ariel Investments. Our inaugural fund, Project Black, closed in February 2023. With \$1.45 billion in capital from limited partners and co-investors, it was one of the largest private equity funds for a first-time manager in history. Additionally, JPMorgan Chase & Co. was an early supporter agreeing to invest up to \$200 million alongside the fund in future transactions.

Project Black seeks to invest in 6-10 middle-market companies with \$100 million to \$1 billion in revenue across eight sectors previously identified to be the largest areas of Fortune 500 spend. Importantly, Ariel Alternatives and Project Black are both certified as minority-owned. Although our portfolio companies may not be minority enterprises upon acquisition, through the fund's ownership of at least 51% of the common equity and other actions, our goal is for them to become certified minority business enterprises of scale that can serve as Tier 1 suppliers to the Fortune 500.

Project Black's first acquisition was Sorenson, the leading U.S. communications provider for the

Deaf and Hard-of-Hearing. Sorenson is led by CEO, Jorge Rodriguez, a seasoned leader in the telecommunications industry and a committed diversity advocate. Under Jorge's leadership, Sorenson has made material efforts to expand employment access to diverse and underrepresented communities from the C-suite to rank-and-file employees, while maintaining laser focus on augmenting the organization with seasoned and experienced leaders who can maximize Sorenson's growth potential. For example, prior to 2022, just 3% of Sorenson's leadership and board of directors were comprised of minorities. As of February 2023, minorities made up 43% of the senior leadership and board.

Project Black was born from corporate promises made after the murder of George Floyd during a time of civil unrest. Despite its origins in tragedy, we believe Project Black can help realize a better future for underserved communities. We are ambitious in our goals to help close the racial wealth gap and hope to demonstrate that measurable impact and superior financial returns are not mutually exclusive but, rather, can serve to strengthen each other.



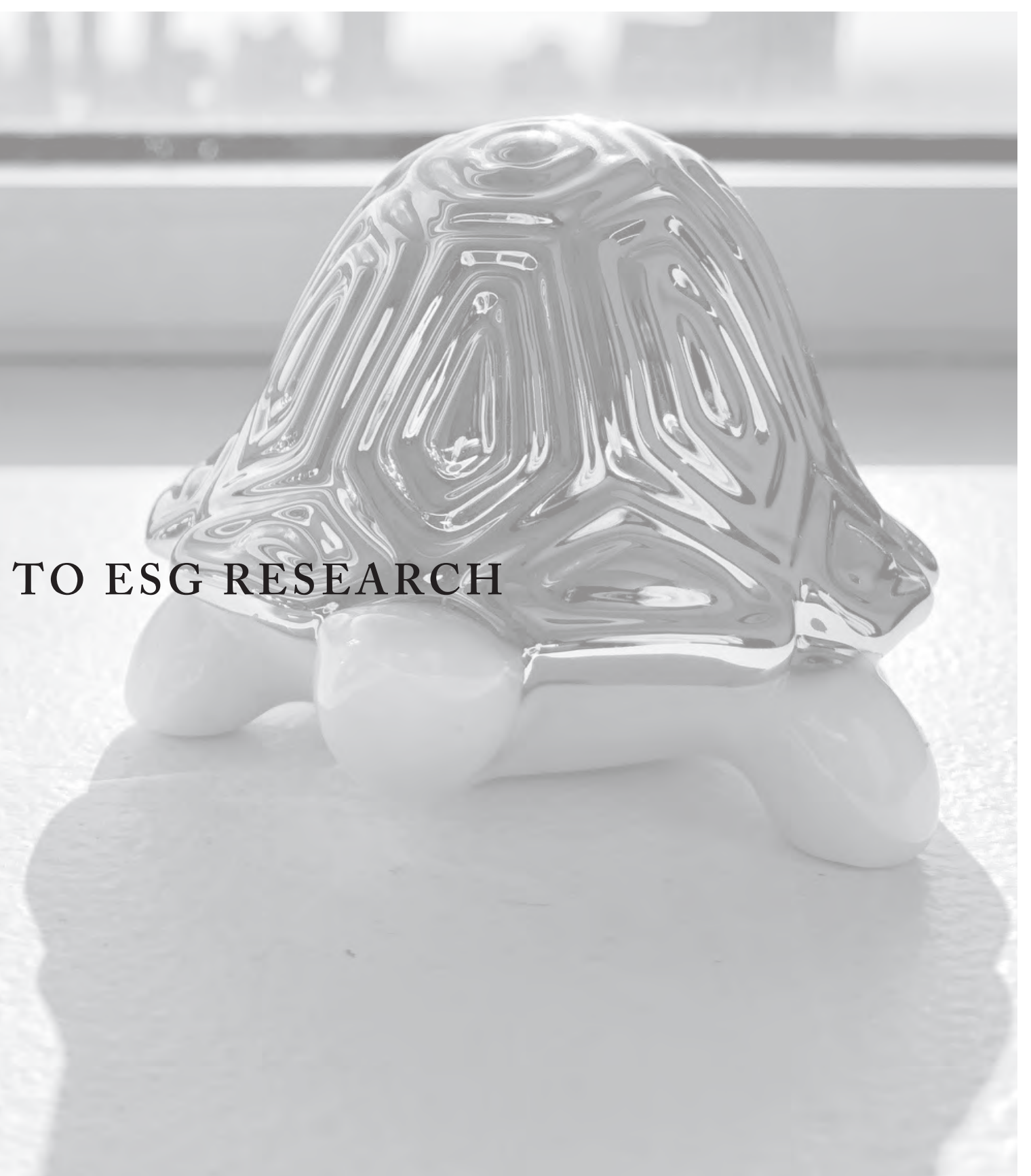
nuveen
A TIAA Company





OUR FOCUSED APPROACH

TO ESG RESEARCH



Active ESG

Forty years of investing has taught us that diligently executing and closely monitoring ESG practices can help preserve a company's economic moat, lead to growth opportunities, foster consumer loyalty and enhance brand relevancy. In our experience, corporate management teams embracing this reality are able to recruit top talent, pivot their business strategies and innovate their offerings far more effectively than those who do not.

Our Active ESG approach recognizes sustainability-related issues as potentially material to business outcomes and views management teams as collaborative partners in strengthening ESG performance. As part of our fundamental research process, our investment teams assign a proprietary ESG Risk Rating to a company based on our assessment of industry exposure, disclosure and management of material industry-specific ESG risk factors. We integrate the risk ratings into the discount rates used in financial valuations. Such financial modeling and valuation work can directly impact portfolio construction.



ESG Research Process

Across our strategies, our investment teams integrate ESG considerations into reviews of the material risks and opportunities for current and potential holdings. Our research teams conduct their own independent analysis, leveraging industry analyst and ESG specialist expertise to generate tailored, actionable insights.



KENNETH E. KUHRT, CPA®
EXECUTIVE VICE PRESIDENT

There is a perspective in the market that you are either seeking returns or ESG. This “all-or-nothing” mentality needs rethinking. We believe they can co-exist and are embracing the best of both worlds. Ours is a process and philosophy that have been present in our values since John Rogers founded Ariel. You can get good returns and invest in companies that are benefiting society as a whole.

Our Rigorous Approach Fuels our Investment Process

Investible Universe	Research and Validation	Portfolio Construction	Reporting and Risk Monitoring	Engagement and Proxy Voting
Define investment opportunity set	Identify financially material ESG issues	Debate investment thesis	Monitor company-level controversies	Lead proactive engagement strategies to encourage improvement on ESG issues
Form view/hypothesis of industry and company	Assess disclosure, exposure and management performance	Embed ESG Risk Ratings into portfolio management decisions	Provide regular reporting to stakeholders	Participate in ongoing meetings with management
Interact with management	Determine ESG Risk Ratings and impacts to valuation	Perform regular review of ESG Risk Ratings	Assess portfolio-level ESG metrics using internal dashboards	Conduct research on ESG-related shareholder proposals
Apply industry-specific ESG materiality framework				

Investible Universe

Each strategy defines its investible universe based on market capitalization, sector, specific financial metrics and exclusions where relevant. Across our portfolios, we employ a rigorous process that integrates in-depth research, including industry-specific ESG materiality considerations and management interactions.

Additionally, our core Domestic research guidelines restrict portfolio managers from considering investments that have a High ESG Risk Rating. For example, our team analyzed a pharmaceutical company with favorable business fundamentals and an attractive valuation. However, the company was highly exposed to product safety liability and customer safety risk related to opioids. As a result, the company was determined to have High ESG risk and therefore was not considered for inclusion in our core Domestic portfolios.

Our Approach to Exclusionary Screens

Our Domestic portfolios avoid companies whose primary source (more than 50%) of revenue is derived from the production or sale of tobacco products, the manufacture of firearms or the operation of for-profit prisons. The portfolio managers of these strategies believe these industries are more likely to face shrinking growth prospects, draining litigation costs and unquantifiable legal liabilities.

Our Global team does not incorporate broad exclusions but will eliminate certain sectors or securities for ESG or regulatory reasons upon client request, including tobacco, human rights and nuclear energy.

Spotlight

Climate Change

Our investment teams incorporate physical or transition climate risk and opportunity assessments into our analysis and/or company engagement when relevant and material.

Our ESG databases track progress on portfolio company adoption of GHG targets approved by SBTi, SASB-aligned disclosure and TCFD-aligned reporting. In addition, we perform a quarterly climate risk analysis across our strategies to monitor carbon footprint and carbon intensity metrics relative to our respective benchmarks. Beyond our portfolios, we also track metrics related to our overall environmental impact. Ariel Investments supports the primary goal of the Paris Agreement: to limit global warming to well below 2 degrees Celsius, preferably to below 1.5 degrees Celsius, compared to pre-industrial levels.

ESG Risk Ratings

In our bottom-up fundamental research processes, each company is assigned a proprietary ESG Risk Rating, ranging from Low, Moderate, Elevated to High. These assessments are derived from objective and subjective data sources and insights. We consider industry risk exposure; quality of ESG disclosures; forward-looking assessments of management performance; as well as other factors. ESG Risk Ratings are formally integrated into the discount rates used in our financial modeling. Companies with greater ESG risks will have a higher discount rate and lower valuation

profile. Likewise, companies with lower ESG risk profiles can prove to be more attractive investment opportunities. Poor management of ESG issues can lead us to downgrade a company's risk rating, which reflects elevated financial risk. Through this process, we strive to enhance the rigor of our valuations and improve risk awareness.

Our ESG analysis is supported by our proprietary data platforms, providing decision-useful insights obtained from third-party sources, including Bloomberg, ISS, MSCI, Refinitiv and Sustainalytics,

along with company-specific data points sourced from our research and engagement activities. This research is informed by company disclosures, including company websites, sustainability reports, SEC filings, direct dialogue with management teams and other ESG-focused organizations, such as SASB.

Our proprietary ESG data platforms are available to the respective investment teams and inform the research process. In general, we view individual data points on a case-by-case basis as part of a broader mosaic.

LEVEL OF ESG RISK RATING	
HIGH	Viewed as materially unfavorable to the median company
ELEVATED	Viewed as unfavorable to the median company
MODERATE	Base level of risk in line with the median company
LOW	Viewed as favorable to the median company

Each team maintains a customized approach to curating and integrating ESG data into its processes.

ESG Factors

We consider the following ESG-related factors to better assess a company's risks, management practices, quality of disclosure and potential for improvement:

E

ENVIRONMENTAL

Air Quality

Climate Change

- Physical Risk
- Transition Risk

Ecological Impacts

Energy Management

Greenhouse Gas Emissions

Waste and Hazardous Materials Management

Water and Wastewater Management

S

SOCIAL

Access and Affordability

Customer Privacy

Customer Welfare

Data Security

Diversity, Equity and Inclusion

Employee Engagement

Employee Health and Safety

Human Rights and Community Relations

Labor Practices

Materials Sourcing and Efficiency

Product Design and Lifecycle Management

Product Quality and Safety

Selling Practices and Product Labeling

Supply Chain Management

G

GOVERNANCE

Business Ethics

Business Model Resilience

Competitive Behavior

Critical Incident Risk Management

Management of the Legal and Regulatory Environment

Systemic Risk Management

Materiality

As patient investors who invest with a long-term time horizon (generally three to five years), we perform in-depth assessments of financially material ESG risks and opportunities at both the industry and company levels. Additionally, we seek to evaluate the relevance and materiality of ESG factors based on a company's geography and its impact on our investment thesis. For example, we may consider social factors more significantly for a financial services company with a retail client base. Meanwhile, environmental issues may be more consequential for an energy services company because it enables the transition to a low-carbon economy. Although our framework is based on SASB's materiality standards, it has been adjusted to include key metrics (i.e., DEI) across certain or all industries to align more closely to our research coverage and/or to reflect company-specific factors.

TOPIC	CONSUMER PRODUCTS	INDUSTRIALS	FINANCIAL SERVICES	HEALTH CARE	MEDIA
Business Ethics					
Business Model Resilience					
Diversity, Equity and Inclusion					
Ecological Impacts					
Energy and Emissions Management					
Human Capital Management					
Physical Impacts of Climate Change					
Risk Management					
Supply Chain Management					

HIGH MEDIUM LOW

Highlights of an ESG Research Report

Overview: A travel and leisure company with operations throughout the United States

Market Cap: \$10+ billion

Industry: Leisure and Hospitality

TICKER	ESG RESEARCH REPORT	ESG RISK RATING: MODERATE		
	ESG ISSUE	DISCLOSURE	EXPOSURE	MANAGEMENT
E	Ecological Impacts	Metrics and Targets	Medium	Neutral
	Energy Management	Metrics and Targets	Medium	Positive
	Physical Impacts of Climate Change	Metrics and Targets	High	Positive
S	Customer Welfare	Company-Specific Narrative	Medium	Neutral
	Diversity, Equity and Inclusion	Company-Specific Narrative	Medium	Neutral
	Employee Engagement	Company-Specific Narrative	Medium	Neutral
	Employee Health and Safety	Boilerplate Language	Medium	Neutral
G	Critical Incident Risk Management	Boilerplate Language	Medium	Neutral

Assessment

The company earns a Moderate ESG Risk Rating based upon our overall qualitative and quantitative assessment of potential adverse financial impact to its enterprise value over our long-term investment horizon. We identified the following material environmental risks: ecological impacts, energy management and physical climate risk. As part of our analysis, we developed a positive assessment of the company's environmental risk management policies and practices, including the goal to achieve net-zero emissions and reach zero waste to landfill and net-zero operating impact on forests and habitats by 2030. We continue to monitor and evaluate issues related to environmental impact as well as customer welfare stemming from injuries incurred while on property.

E

The company works with local communities to develop compost programs to support its zero waste to landfill program. It is considered a leader on environmental management. The company also shares best practices with competitors.

S

The company's DEI programs focus on employees and customers. Ariel has collaborated with the company's leadership on diversity, training and customer strategy. Management has demonstrated a commitment to adopting best practices.

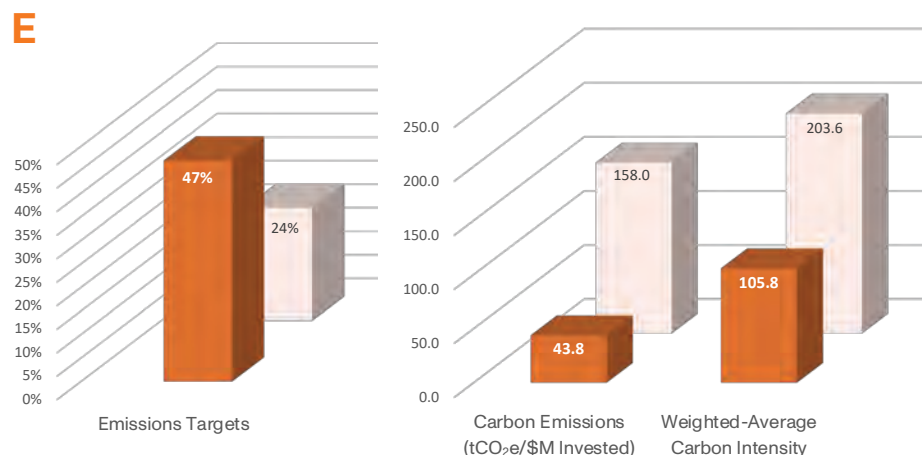
G

The company has strong oversight and transparency around its critical incident management practices with minimal controversies.



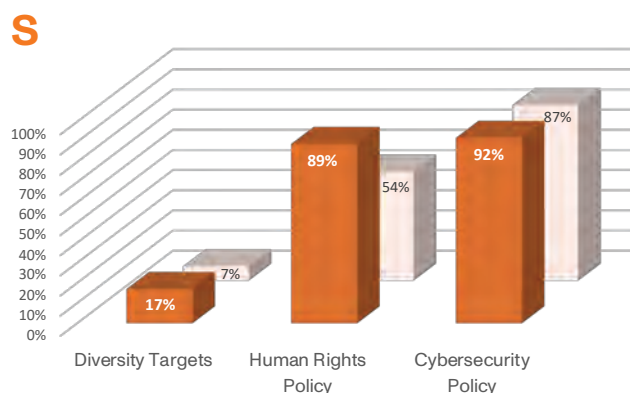
Portfolio Construction and Risk Monitoring

Ariel Fund (as of December 31, 2022)



We monitor and address portfolio-level risks as part of our disciplined approach to ESG investing. For example, our proprietary ESG Risk Ratings can impact portfolio construction by informing buy/sell decisions as well as determining the discount rates used in financial valuations. Additionally, our flagship Domestic strategies further mitigate sustainability-related risks by avoiding any potential holdings earning a High ESG risk score.*

Our ESG team also assesses ESG performance and risk exposure relative to our benchmarks across our strategies each quarter. These efforts contribute to overall risk mitigation and inform engagement strategies.



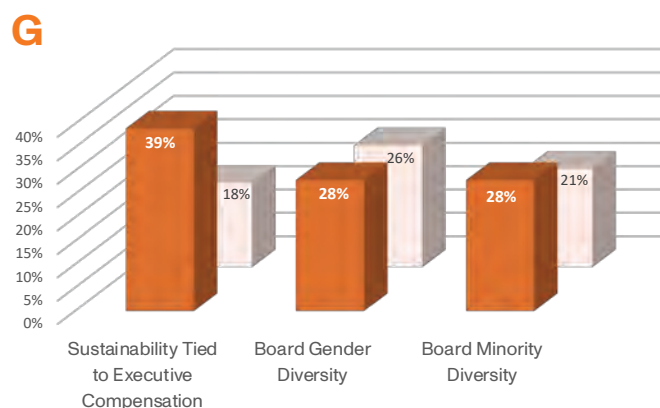
Fund ESG Characteristics**

ENVIRONMENTAL

We measure climate risk exposure at the portfolio level by reviewing metrics such as carbon footprint and carbon intensity. For example, as of December 31, 2022, Ariel Fund and Ariel International Fund had lower absolute carbon emissions compared to their indices.

SOCIAL

We regularly assess management performance on social issues at the portfolio level including DEI, human rights and cybersecurity. For example, as of December 31, 2022, companies held in Ariel Fund and Ariel International Fund were more likely to adopt workforce diversity targets compared to their benchmarks.



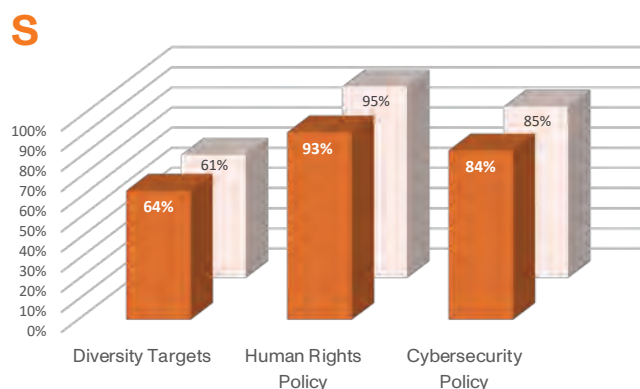
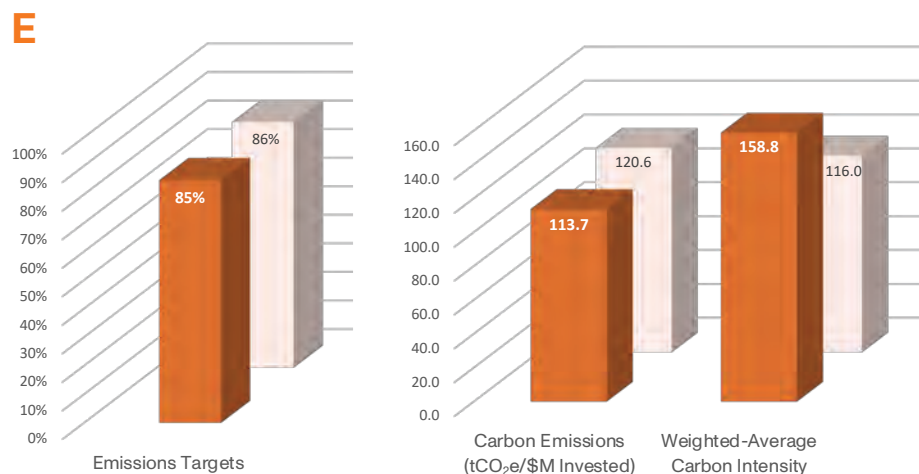
■ PORTFOLIO ■ PRIMARY BENCHMARK

PORTFOLIO LEVEL RISK MONITORING

GOVERNANCE

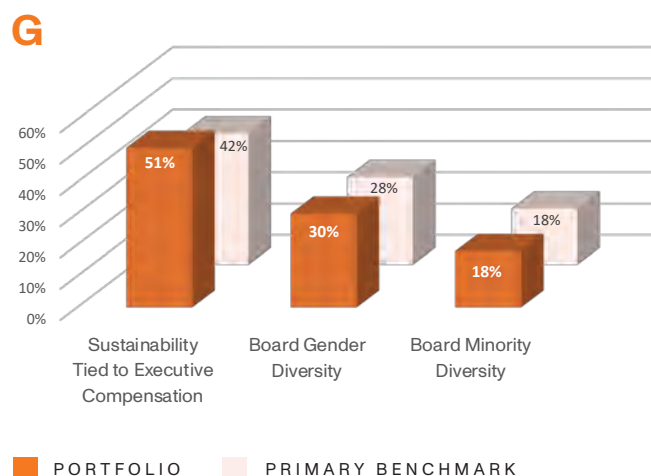
We evaluate governance risk exposure and best practices across our strategies by reviewing a range of metrics, including those related to board diversity and ESG governance. For example, as of December 31, 2022, companies held in Ariel Fund and Ariel International Fund exhibited higher levels of gender diversity on their boards and were more likely to tie ESG metrics to executive compensation relative to their benchmarks.

Ariel International Fund (as of December 31, 2022)



* Ariel's flagship Domestic strategies include Small Cap Value, Small Cap Value Concentrated, Small/Mid Cap Value, Mid Cap Value, Ariel Fund and Ariel Appreciation Fund.

** As of December 31, 2022. Carbon emissions and weighted average carbon intensity data sourced from MSCI. All other data sourced from Refinitiv. Calculations are by Ariel Investments. MSCI and Refinitiv make no express or implied warranties or representations and shall have no liability whatsoever with respect to any of their data contained herein. This report is not approved or produced by MSCI or Refinitiv. Ariel cannot guarantee the accuracy, completeness or reliability of the third-party data presented and accepts no responsibility or liability whatsoever for such third-party data. The information provided is for illustrative purposes only, is on a historical basis and does not mean that the portfolio composition is currently the same, or will remain the same, for each listed fund.



ESG Committee

Ariel's ESG Committee is chaired by the Director of ESG Investing and is comprised of senior leaders from Domestic and Global Equity Research, Institutional Client and Investor Relations, Consultant Relations, Legal and Compliance, as well as a representative from Ariel Alternatives.

The ESG Committee meets quarterly to discuss topics, including:

- Firmwide ESG integration and engagement activities
- Third-party research
- Disclosure practices
- Training and professional development
- Marketplace trends
- Regulatory shifts
- Adherence to the Principles for Responsible Investment (PRI)

The ESG Committee also annually reviews our ESG Policy and facilitates our board's evaluation of each investment team's ESG approach.

Beyond the ESG Committee, Ariel's Risk Committee integrates climate risk considerations into its oversight process. The Committee reviews the firm's exposure to, and management of, the physical and transition risks of climate change on a quarterly basis.

Our leaders exemplify our dedication to ESG principles.







PERSONIFIED

Governance

Ariel Investments has integrated ESG principles into our investment processes as well as embraced them in our corporate values since the firm's inception. From our executive leadership, to the investment professionals who build portfolios, to the board members providing expert oversight, ESG is a core commitment we have cultivated over four decades.

While the 'G' may come last in ESG, we recognize it is foundational to long-term success in social and environmental responsibility.

Leading with Strong Governance

Collectively, our senior leaders have served more than 200 years as public company directors. They have partnered with management teams on important issues ranging from succession planning and complex transactions to corporate strategy and ESG best practices. Our leaders' extensive experience in boardrooms informs how we shape our own governance practices and how we interact with our portfolio companies at key moments.



JOHN W. ROGERS, JR.

Companies that are going to grow in the 21st century realize that customers care deeply about ESG. I am fortunate to serve on the board of Nike.

Nike understands that next-generation customers care about how their products are manufactured and want operations managed in a way that mitigates the environmental footprint across the globe.

COMPANY	INDUSTRY	DIRECTOR	TENURE
ACI WORLDWIDE INC.	SERVICES	CHARLES K. BOBRINSKOY	2020 - 2022
AON PLC	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	1993 - 2012
AUTOMATIC DATA PROCESSING INC.	SERVICES	LES BRUN	2003 - 2015
BALLY TOTAL FITNESS HOLDING CORPORATION	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2003 - 2006
BANK ONE CORPORATION	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	1998 - 2004
BROADRIDGE FINANCIAL SOLUTIONS INC.	SERVICES	LES BRUN	2007 - PRESENT
CDK GLOBAL INC.	SERVICES	LES BRUN	2014 - 2022
CORNING INC.	CONSUMER PRODUCTS AND SERVICES	LES BRUN	2018 - PRESENT
DREAMWORKS ANIMATION SKG INC.	MEDIA	MELLODY HOBSON	2004 - 2016
THE ESTÉE LAUDER COMPANIES INC.	CONSUMER PRODUCTS AND SERVICES	MELLODY HOBSON	2004 - 2018
EXELON CORPORATION	INDUSTRIALS	JOHN W. ROGERS, JR.	2000 - 2019
G. HEILEMEN BREWING COMPANY	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	1992 - 1996
GATX CORPORATION	DIVERSIFIED INDUSTRIALS	JOHN W. ROGERS, JR.	1998 - 2004
GROUPON INC.	SERVICES	MELLODY HOBSON	2011 - 2014
HAMILTON LANE INC.	FINANCIAL SERVICES	LES BRUN	1991 - 2005
THE HEWLETT-PACKARD COMPANY	CONSUMER PRODUCTS AND SERVICES	LES BRUN	2015 - 2018
INNERWORKINGS, INC.	ADVERTISING	CHARLES K. BOBRINSKOY	2008 - 2020
JPMORGAN CHASE & CO.	FINANCIAL SERVICES	MELLODY HOBSON	2018 - PRESENT
MCDONALD'S CORPORATION	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2003 - 2023*
MERCK & CO. INC.	HEALTH CARE	LES BRUN	2008 - 2021
MORRISON KNUDSEN CORPORATION	INDUSTRIALS	JOHN W. ROGERS, JR.	1993 - 1996
THE NEW YORK TIMES COMPANY	MEDIA	JOHN W. ROGERS, JR.	2018 - PRESENT
NIKE INC.	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2018 - PRESENT
RYAN SPECIALTY HOLDINGS INC.	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	2021 - PRESENT
STARBUCKS CORPORATION	CONSUMER PRODUCTS AND SERVICES	MELLODY HOBSON	2005 - PRESENT
TELLABS INC.	SERVICES	MELLODY HOBSON	2002 - 2005

Leveraging the expertise of our board members

We are proud of the deep knowledge and diverse perspectives represented on our company and mutual fund boards. We benefit from their extensive experience and leadership on key ESG issues across the public and private sectors.

In 2022, our board of directors formed a dedicated Corporate Responsibility, Sustainability and Governance Committee which oversees ESG implementation across the firm. Additionally, Ariel Investment Trust's Mutual Fund board of trustees regularly reviews our ESG practices.

OUR COMPANY BOARD OF DIRECTORS



MARTIJN CREMERS



ARNE DUNCAN



MELLODY HOBSON



VALERIE JARRETT



FAZAL MERCHANT



JOHN W. ROGERS, JR.



ANTHONY D. ROMERO



JUDY SMITH



HEATHER TOOKES



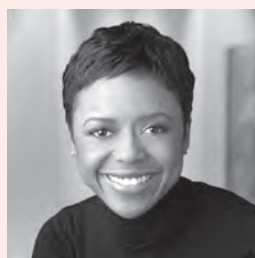
PAULA WOLFF

NAME	TITLE/COMPANY	TENURE	EDUCATION
MARTIJN CREMERS, PHD	DEAN OF THE MENDOZA COLLEGE OF BUSINESS UNIVERSITY OF NOTRE DAME	2018	PHD, NEW YORK UNIVERSITY BA, FREE UNIVERSITY AMSTERDAM
ARNE DUNCAN	MANAGING PARTNER EMERSON COLLECTIVE	2016	BA, HARVARD UNIVERSITY
MELLODY HOBSON	CO-CEO AND PRESIDENT ARIEL INVESTMENTS	2000	AB, PRINCETON UNIVERSITY
VALERIE JARRETT	FORMER SENIOR ADVISOR PRESIDENT BARACK OBAMA	2017	JD, UNIVERSITY OF MICHIGAN LAW SCHOOL BA, STANFORD UNIVERSITY
FAZAL MERCHANT	FORMER CO-CEO TANIUM INC.	2021	MBA, INDIANA UNIVERSITY BBA, UNIVERSITY OF TEXAS AT AUSTIN
JOHN W. ROGERS, JR.	CHAIRMAN, CO-CEO AND CHIEF INVESTMENT OFFICER ARIEL INVESTMENTS	1982	AB, PRINCETON UNIVERSITY
ANTHONY D. ROMERO	EXECUTIVE DIRECTOR AMERICAN CIVIL LIBERTIES UNION	2021	JD, STANFORD UNIVERSITY LAW SCHOOL AB, PRINCETON UNIVERSITY
JUDY SMITH	FOUNDER & PRESIDENT SMITH & COMPANY	2021	JD, AMERICAN UNIVERSITY WASHINGTON COLLEGE OF LAW BS, BOSTON UNIVERSITY
HEATHER TOOKES, PHD	PROFESSOR OF FINANCE YALE SCHOOL OF MANAGEMENT	2017	PHD, CORNELL UNIVERSITY BA, BROWN UNIVERSITY
PAULA WOLFF, PHD	DIRECTOR ILLINOIS JUSTICE PROJECT	1991	PHD, UNIVERSITY OF CHICAGO MA, UNIVERSITY OF CHICAGO BA, SMITH COLLEGE

OUR MUTUAL FUND BOARD OF TRUSTEES



WILLIAM C. DIETRICH



MELLODY HOBSON



ERIC H. HOLDER, JR.



CHRISTOPHER G. KENNEDY



KIM Y. LEW



STEPHEN C. MILLS



JOHN W. ROGERS, JR.



JAMES M. WILLIAMS

NAME	TITLE/COMPANY	TENURE	EDUCATION
WILLIAM C. DIETRICH	RETIRED EXECUTIVE DIRECTOR SHALEM INSTITUTE FOR SPIRITUAL FORMATION, INC.	1986	BS, GEORGETOWN UNIVERSITY
MELLODY HOBSON	CO-CEO AND PRESIDENT ARIEL INVESTMENTS	1993	AB, PRINCETON UNIVERSITY
ERIC H. HOLDER, JR.	SENIOR COUNSEL COVINGTON & BURLING, LLP 82 ND ATTORNEY GENERAL OF THE UNITED STATES	2019	JD, COLUMBIA LAW SCHOOL BA, COLUMBIA COLLEGE
CHRISTOPHER G. KENNEDY	CHAIRMAN JOSEPH P. KENNEDY ENTERPRISES, INC.	1994	MBA, NORTHWESTERN UNIVERSITY BA, BOSTON COLLEGE
KIM Y. LEW, CFA®	PRESIDENT & CEO COLUMBIA INVESTMENT MANAGEMENT COMPANY	2014	MBA, HARVARD BUSINESS SCHOOL BS, UNIVERSITY OF PENNSYLVANIA
STEPHEN C. MILLS	FORMER PRESIDENT NEW YORK KNICKS	2015	AB, PRINCETON UNIVERSITY
JOHN W. ROGERS, JR.	CHAIRMAN, CO-CEO AND CHIEF INVESTMENT OFFICER ARIEL INVESTMENTS	2000	AB, PRINCETON UNIVERSITY
JAMES M. WILLIAMS	VICE PRESIDENT & CHIEF INVESTMENT OFFICER J. PAUL GETTY TRUST	2006	MBA, UNIVERSITY OF CHICAGO BS, UNIVERSITY OF MICHIGAN

Cultivating Diversity at Ariel

At Ariel, diversity is not aspirational, it is foundational. Our culture was built on the conviction that diverse perspectives lead to better decision-making, which we believe leads to better outcomes. The wide range of experiences, backgrounds and viewpoints across our teams gives us a competitive advantage that enhances the financial futures of our clients. When our teammates feel they belong and are valued, they do their best work.

Our commitment to advancing diversity in our employee ranks, purchasing relationships and philanthropic contributions is supported by Ariel's Diversity, Equity and Belonging Committee.

GENDER	SENIOR LEADERS	ALL OTHER TEAMMATES	U.S. CENSUS
FEMALE	40%	56%	51%
MALE	60%	44%	49%
RACE/ETHNICITY			
ASIAN	8%	11%	6%
BLACK/AFRICAN AMERICAN	36%	31%	13%
HISPANIC	8%	16%	18%
WHITE	48%	39%	68%
TWO OR MORE RACES	0%	3%	7%

Data provided is as of December 31, 2022. Percentages rounded to the nearest whole number.

U.S. demographics according to Census Bureau American Community Survey (ACS) 5-Year Average for 2017-2021, will not total 100%.

*Inclusion is not a goal for us to achieve;
it is how we achieve our goals.*



Signature Social Impact Initiatives

1996

Ariel
Community
Academy

Ariel Community Academy

In 1996, Ariel was awarded a corporate sponsorship of a Chicago public school through former Mayor Richard M. Daley's New School Initiative Program. This began the creation of Ariel Community Academy (ACA), which offers classes from pre-kindergarten through eighth grade. Ninety-eight percent of the student body is African American and the same percentage of students receive subsidized lunches. The school is a unique public-private partnership.

In addition to the required Chicago Public Schools curriculum, ACA incorporates an immersive and innovative financial literacy program with an emphasis on investing. A notable feature is the Ariel Investment Program, which grants each first-grade class a \$20,000 investment portfolio that continues until their eighth-grade graduation.

In celebration of the firm's 40th anniversary, starting with the 2023-2024 school year, rising first-graders will be granted a \$40,000 investment portfolio. As students advance through the school's specialized financial education courses, they become actively involved in making investment decisions.

Upon graduation, all profits are split between a class gift to the school with the remaining half distributed to the graduates as a cash payout or matched contributions toward a 529 College Savings Plan. The program's goal is to increase economic and investment literacy within the African American community. The unique program teaches students the importance of investing and financial independence at an early age.



1998

Ariel Schwab
Black Investor
Survey

Black Investor Survey

For 24 years, the Ariel-Schwab Black Investor Survey has compared attitudes and behaviors on saving and investing among Black and white Americans. The 2021 and 2022 surveys showed investor participation at historic lows for both groups. In 2022, just 58% of Black Americans and 63% of white Americans owned stocks, compared to survey peaks: 74% of Black Americans in 2002 and 86% of white Americans in 2015. This disparity, compounded over time, means middle-class Black Americans will have less money saved for retirement and less wealth to pass on to future generations than their white counterparts.

Ariel Investments and Charles Schwab partnered with *Ebony Magazine* to host a discussion about how to demystify investing through candid conversations. According to survey results, Black Americans are less likely than white Americans to have discussed the stock market while growing up. During the pandemic, “dinner table conversations” about the stock market increased for both groups. Having family financial conversations can certainly help narrow the investment gap. Financial institutions can also help increase financial literacy and education in underserved communities.



ARIELLE PATRICK
CHIEF COMMUNICATIONS
OFFICER

Our survey unveiled that Black investors face a confluence of challenges in building wealth, including: low stock market participation, exposure for riskier investment options like cryptocurrency and a lack of understanding of fundamental investing principles. There is a critical need for financial services firms to provide more inclusive and comprehensive educational resources.

Signature Social Impact Initiatives

2002

Black
Corporate
Directors
Conference

Black Corporate Directors Conference

In 2022, we marked the 20th anniversary of the Black Corporate Directors Conference, which we co-founded with Russell Reynolds Associates. Our goal: to foster corporate DEI; develop best practices; and encourage directors to promote the civil rights agenda in the boardroom. More than 180 Black, Latino and Latina directors convened in Laguna Beach against the backdrop of a prolonged pandemic and a racial inequality reckoning.

Over the past several years, we have seen gains in board representation. ISS data shows non-white directors now occupy approximately 50% more board seats at companies in the Russell 3000 stock index than in 2019. But Black and Latino directors remain underrepresented in corporate boardrooms relative to their combined population in the U.S. of approximately 33%.

We believe diversity is a critical component of good governance and an overarching business imperative. It is in the best interests of all stakeholders. Our conference agenda outlines actionable next steps for corporate directors and the Fortune 500 as they drive ESG initiatives and advocate for representation.

Some of our 2022 keynote speakers included:

- **Kenneth Chenault**
Chairman & Managing Director
General Catalyst
- **Jose E. Feliciano**
Co-Founder and Managing Partner
Clearlake Capital Group
- **Thelma Golden**
Director & Chief Curator
The Studio Museum in Harlem
- **Emma Grede**
Co-Founder & CEO
Good American
- **Kenneth M. Jacobs**
Chairman & CEO
Lazard
- **Wynton Marsalis**
Managing & Artistic Director
Jazz at Lincoln Center
- **Laurene Powell Jobs**
Founder & President
Emerson Collective
- **Anthony D. Romero**
Executive Director
American Civil Liberties Union

The “Three Ps”: People, Purchasing and Philanthropy

Since the formation of the Black Corporate Directors Conference, we remain steadfast in our call to action which focuses on people, purchasing and philanthropy.

People

Companies can best meet their customers’ needs when they are committed to diversity across all levels of their organization.

People Actions:

Measure workforce diversity at all levels and set targets.

Break out diversity metrics by race and ethnicity.

Adopt and go beyond the “Rooney Rule,” requiring more than one diverse candidate be interviewed for open senior positions and/or board seats.

Measure employee participation in 401(k) plans and address racial disparities.

Purchasing

When companies are willing to form contractual relationships with minority businesses across a variety of industries, the corporation’s image is bolstered, as is the image of the minority leaders and businesses with whom they work.

Purchasing Actions:

Measure corporate spend by specific category including professional services and replace the term “supplier diversity” with “business diversity.”

Track the diversity of executives employed by vendors and professional service firms and push companies to make quantifiable progress.

Recognize minority-owned businesses need “access to customers” in addition to “access to capital.”

Philanthropy

Philanthropic contributions to organizations focused on empowering minority communities ultimately serve to uplift a company’s employee and customer bases.

Philanthropy Actions:

Measure corporate philanthropy to ensure that civil rights organizations and other entities serving communities of color benefit, in addition to arts and cultural institutions.

Ensure that corporations are building long-standing, multi-year philanthropic relationships.

Encourage executives to employ the “Three Ps” on the civic and non-profit boards on which they serve.

Black Corporate Directors Study

For the second year in a row, we surveyed attendees on corporate efforts related to DEI. Results from the inaugural survey showed the world’s largest companies still have room to grow on effectively operationalizing DEI goals and driving measurable results.

Signature Social Impact Initiatives

2017

Rogers
Scholars

The John W. Rogers, Jr. Internship Program

In 2017, the John W. Rogers, Jr. Internship Program in Finance (JWR) was created at the University of Chicago to connect exceptional students from underrepresented backgrounds with internship opportunities in the investment offices of non-profit foundations and endowments.

The JWR program funds the internships and provides an extensive series of workshops to help students build the knowledge, connections and technical skills needed to launch a successful career in finance. Common workshop topics include asset management, stock valuation and interview preparation.

The program has placed 133 students in summer internships with foundation and endowment investment offices. John Rogers meets with the JWR cohort at least twice each year.



Commitment to our Communities

Our approach to enriching the communities where we live and work is driven by a comprehensive partnership portfolio; our teammates' commitment to service; and long-standing support for civil rights. Through non-profit board service, our Ariel teammates bring skill, expertise and passion to a variety of community organizations, some of which are described below.



Mellody Hobson has served as Chair of the After School Matters (ASM) board of directors since 2012. ASM is a national leader in providing after school and summer learning opportunities to high schoolers. The program serves over 19,000 Chicago teens each year and has reached over 400,000 youth since inception in 1991.



In 1999, Charlie Bobrinsky founded the Stock Market Program to provide opportunities for eighth-grade students to learn about investing concepts and careers in the financial industry from industry professionals. In partnership with the Big Shoulders Fund, the program has expanded to over 60 Chicago grade schools. Charlie also serves on the board of the Big Shoulders Fund and teaches investing classes at two local schools.



Ariel is a Founding Member of the Financial Services Pipeline Initiative (FSP), which focuses on increasing representation in Chicago's financial services sector. FSP members represent collectively more than 30,000 leaders and professionals in Chicagoland's financial industry—close to 50% of the total industry population. John Rogers serves as a Co-Chair of its Executive Council.



Ariel has partnered with Yellowstone National Park's foundation, Yellowstone Forever, in honor of its 150th anniversary as the world's first national park. This relationship offers us early access to data from its research arm, the Yellowstone Forever Institute. The Institute provides educational experiences for students across the country and produces world-class thought leadership on geology, wildlife and the impact of climate change. Arielle Patrick serves on the board of directors of Yellowstone National Park's foundation.

Living our Values

Ariel's Green Team spearheads sustainability initiatives across three primary areas: operational sustainability, team education and reporting.

Operational Sustainability

While the direct impact of our operations is modest, we still work to reduce our environmental footprint whenever feasible. In 2022, the firm launched a GHG emissions inventory process to understand the drivers of our environmental impact. We continue to evaluate opportunities to reduce and/or offset our carbon emissions.

Team Education and Awareness

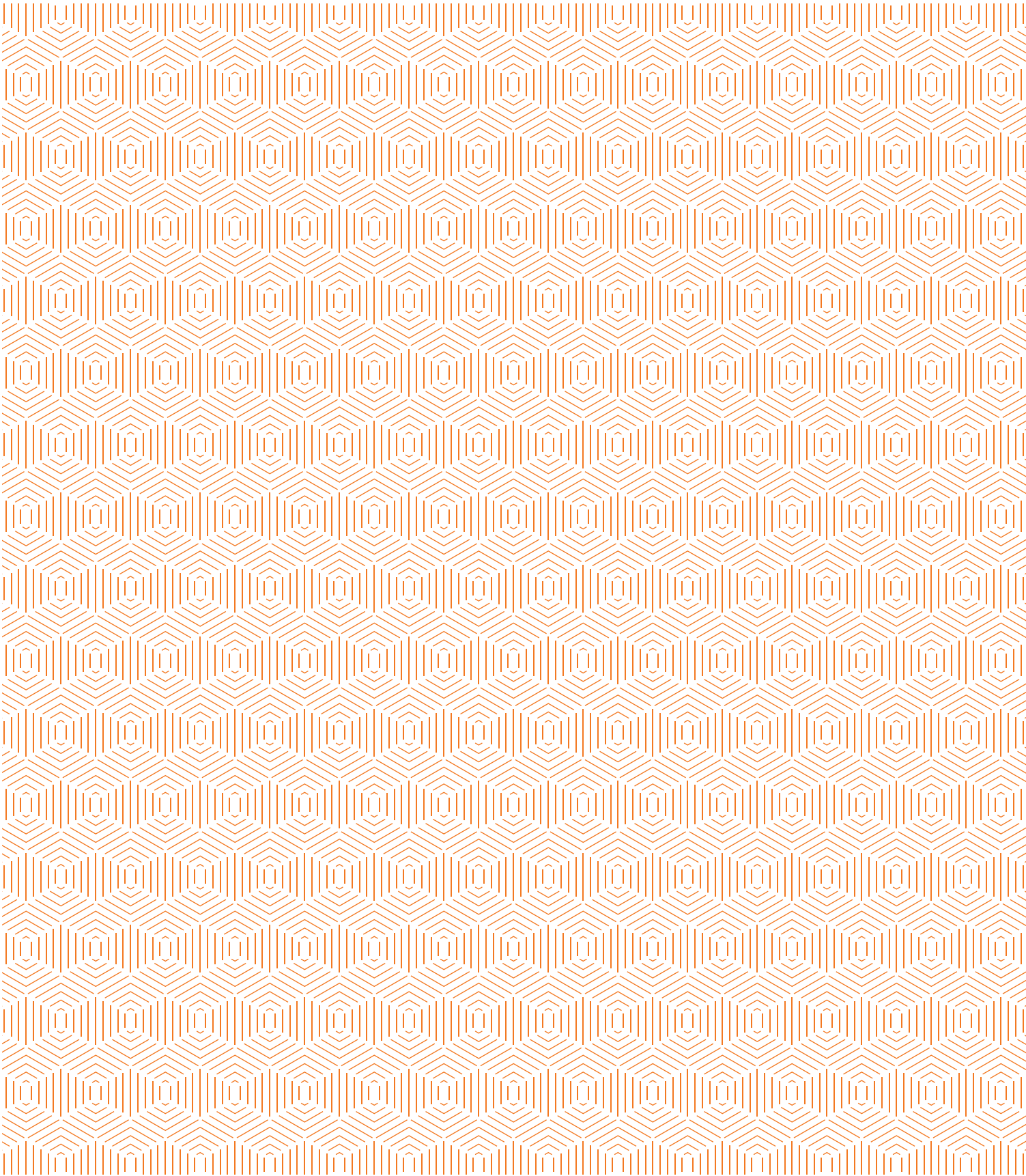
The Green Team aims to first educate colleagues about the daily human activities that contribute to climate change. We also advocate for environmentally sustainable, easily adoptable alternative habits. "Green Turtle Facts" and "Green Turtle Tips" are shared with our colleagues throughout the year.

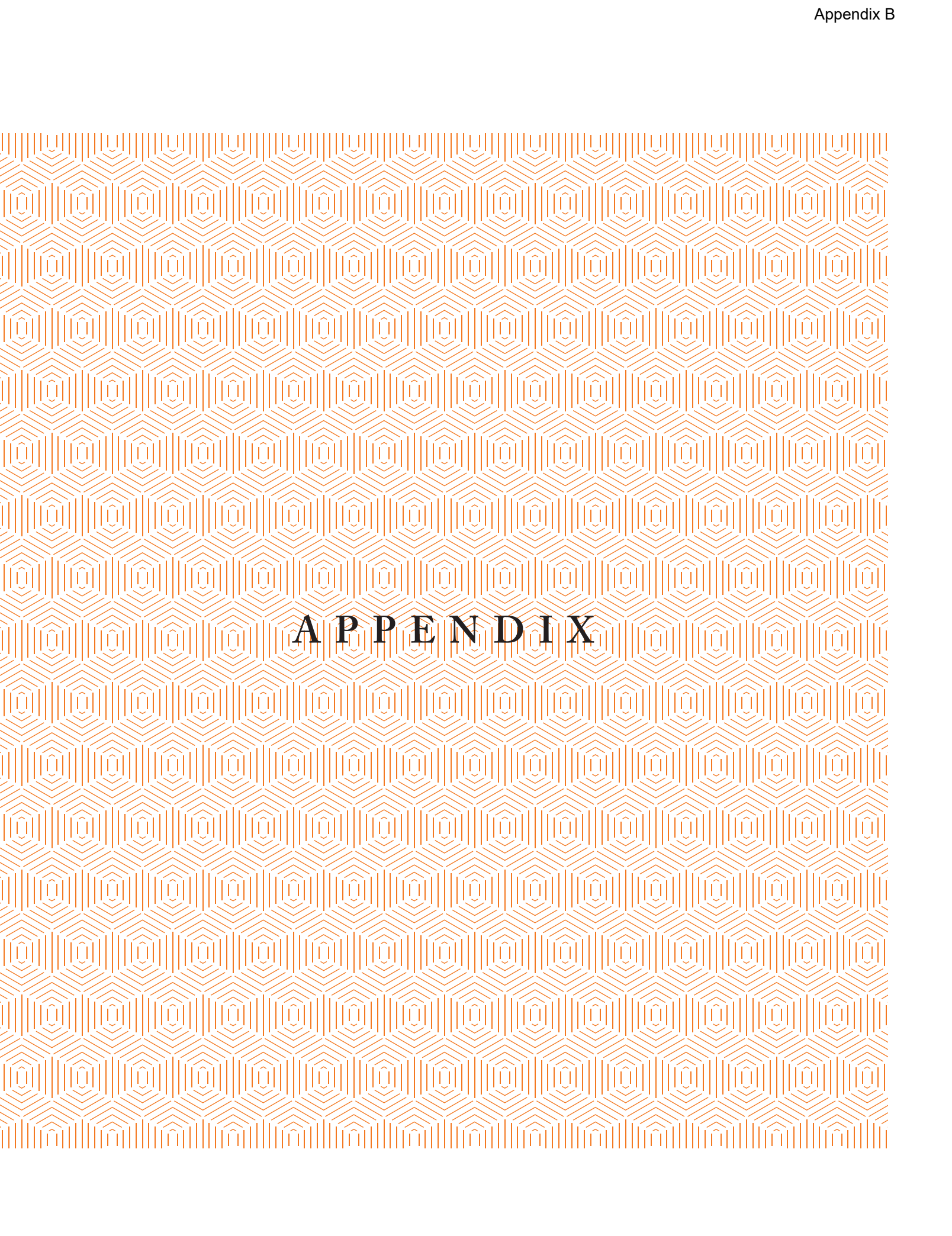
In an effort to learn from others, the Green Team also organized a briefing and site visit with McDonald's Chief Sustainability Officer and Head of Supply Chain to discuss the company's responsible sourcing initiatives.

Reporting

In 2022, Ariel Investments began developing our first TCFD-aligned Climate Report. This preliminary report outlines our approach to managing climate risk across four areas: governance, strategy, risk management, as well as metrics and targets.







APPENDIX

ESG Specialists for Domestic Research



JOHN OXTOBY
SENIOR VICE PRESIDENT
DIRECTOR OF ESG INVESTING

John is the Director of ESG Investing on Ariel's domestic equity team. John joined the firm in 2014 and works with portfolio managers and analysts to evaluate the ESG risks and opportunities in current and prospective investments. Under John's direction, Ariel's ESG team leads proactive engagement strategies with portfolio companies to improve performance on material ESG issues. John also teaches ESG and impact investing at the University of Chicago Harris School of Public Policy. Prior to joining Ariel, John served in the Obama-Biden White House as Associate Director of the President's Jobs Council, a CEO-led advisory council focused on growing the clean energy economy and expanding workforce training. John also worked as a special assistant in the White House Office of Public Engagement and as an aide to the Chairman of the Council of Economic Advisers. John holds the Fundamentals of Sustainability Accounting (FSA) credential administered by SASB and the Sustainability and Climate Risk certification administered by the Global Association of Risk Professionals (GARP). He graduated with a BA in economics from Harvard College and earned an MBA from Harvard Business School.



MEAGAN TENETY
SENIOR ESG ANALYST

Meagan is Senior ESG Analyst on Ariel's domestic equity research team. In this role, Meagan works on all aspects of the domestic research team's ESG process including portfolio company engagement, data analysis, research and other strategic projects. Prior to joining Ariel, Meagan was the co-founder of Nasdaq's ESG Advisory practice. During her tenure at Nasdaq, she engaged with corporate issuers on key ESG issues and advised companies on reporting, structure, strategy and implementation. In this role, she served as a thought leader on a range of ESG issues, including a published paper titled, "Lost in Translation: How to Navigate Top Investor ESG Priorities." Earlier in her career, Meagan worked in international development with a focus on mitigating labor and climate risk in global supply chains. Outside of Ariel, she serves on the board of the Olancho Aid Foundation in Juticalpa, Honduras. Meagan earned a BS in finance and international relations from Lehigh University and an MBA from the University of Notre Dame.

Ariel's ESG research is conducted by designated ESG specialists and investment analysts. We have several designated ESG specialists supporting our efforts to integrate environmental, social and governance factors within our investment analysis. We also have over 25 professionals across our investment teams who have responsibility for ESG integration and/or engagement activities as part of their investment management duties. We conduct regular ESG training across our Domestic and Global research teams.

ESG Specialists for Global Research



MICKY JAGIRDAR
SENIOR VICE PRESIDENT
HEAD OF INVESTMENTS, GLOBAL EQUITIES

Micky serves as head of investments for the global equities team. In his role, he serves as a portfolio manager of our international and global strategies and co-portfolio manager of our global concentrated strategy. Micky joined Ariel in 2011 after spending over eight years as an equity research analyst at Smith Jacobs as well as September Group Partners. In 2020, Micky obtained the FSA credential, awarded by the Sustainable Accounting Standards Board (SASB) for professionals who understand the link between sustainability and financial performance. Fluent in several Indian languages including Hindi, Micky earned a Bachelor of Commerce in accounting and finance from the University of Mumbai and an MBA in finance and investments from the Zicklin School of Business at Baruch College.



KEVIN BUTTIGIEG
VICE PRESIDENT
RESEARCH ANALYST, GLOBAL EQUITIES

Kevin leverages his 20 years of internet and software research experience to support our coverage of the global technology and industrials sectors. Prior to joining Ariel as a research associate in 2018, Kevin worked at various Wall Street firms, including Collins Stewart/Canaccord Genuity, AG Edwards and UBS/Paine Webber. Kevin earned a B.S. from Union College and an MBA from the Wharton School of the University of Pennsylvania.

ESG Partnerships

We work with some of the industry's most impactful organizations tackling key ESG issues.



CDP (FORMERLY CARBON DISCLOSURE PROJECT)

Ariel is an investor signatory of CDP, a global disclosure standard for companies, cities, states and regions to report their environmental impacts.



CEO ACTION FOR DIVERSITY & INCLUSION

Ariel is a member of CEO Action for Diversity & Inclusion—a collective action pledge aimed to rally the business community to advance diversity and inclusion within the workplace.



CERES

Ariel is a member of the Ceres Investor Network on Climate Risk and Sustainability. Ceres is a non-profit organization bringing together leading investors and corporations to advance solutions for a sustainable future for people and the planet.



COUNCIL OF INSTITUTIONAL INVESTORS (CII)

Ariel is a member of CII—a diverse community of professionals who come together to learn, share perspectives and advocate. CII educates members and the public about best practices in corporate governance and provides opportunities for members to interact with peers, investment executives and policymakers.



INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN)

Ariel is a member of ICGN. Led by investors responsible for assets under management in excess of \$59 trillion, ICGN brings together companies and stakeholders around the world. ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, social prosperity and a healthy environment.



INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)

Ariel is a member of the ISSB Investor Advisory Group (IIAG), which is comprised of investors committed to improving the quality and comparability of sustainability-related financial disclosures. The IIAG serves as an advisory body to the ISSB.



JUST CAPITAL

John Rogers serves on the board of directors of JUST Capital, a leading platform for measuring and improving corporate performance in the stakeholder economy.



MIDWEST INVESTOR DIVERSITY INITIATIVE (MIDI)

Ariel is a member of MIDI, a coalition of institutional investors dedicated to increasing racial, ethnic and gender diversity on corporate boards of companies headquartered in Midwestern states given the correlation between diversity and long-term outperformance.



NYU STERN CENTER FOR BUSINESS AND HUMAN RIGHTS

John Rogers serves on the Advisory Council of the Center for Business and Human Rights. The Center conducts research on current challenges at the intersection of business and human rights.



PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

Ariel is a signatory to the PRI, a United Nations-supported international network of investors working together to implement six principles of responsible investing.



RFK HUMAN RIGHTS

John Rogers serves on the board of RFK Human Rights. The RFK Compass Investor Program supports investors and asset managers to more deeply consider human rights issues in the investment process while seeking superior risk-adjusted returns.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Ariel is a supporter of the TCFD, which developed voluntary, consistent recommendations for companies seeking to disclose information on climate-related financial risks to investors, lenders and insurance underwriters.



THIRTY PERCENT COALITION

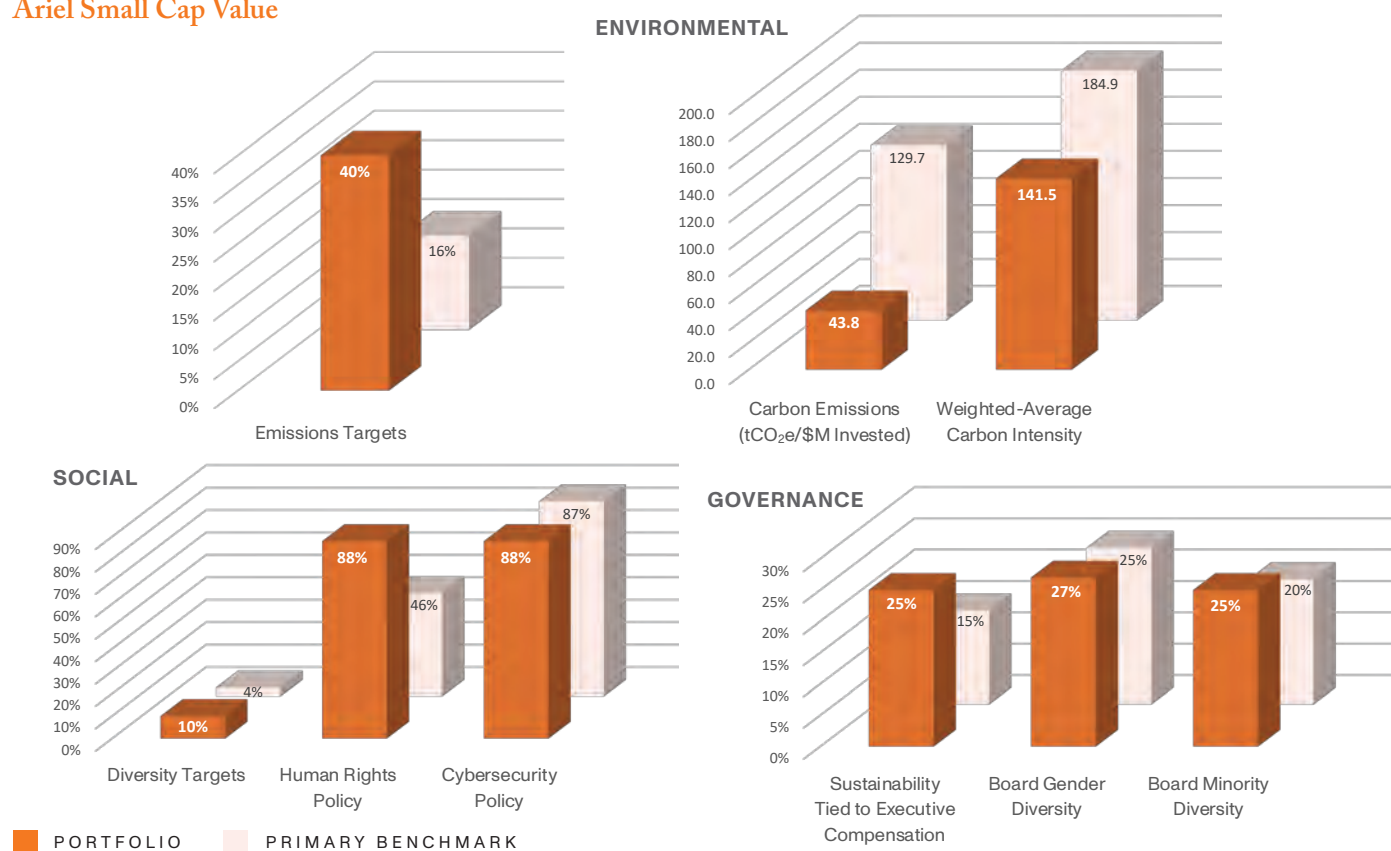
Ariel is a member of the Thirty Percent Coalition—a national investor coalition advocating for increased diversity on public and private company boards.

STRATEGY-LEVEL ESG CHARACTERISTICS

Portfolio Metrics

ESG performance benchmarking is a key component of our risk and opportunity analysis across all strategies.

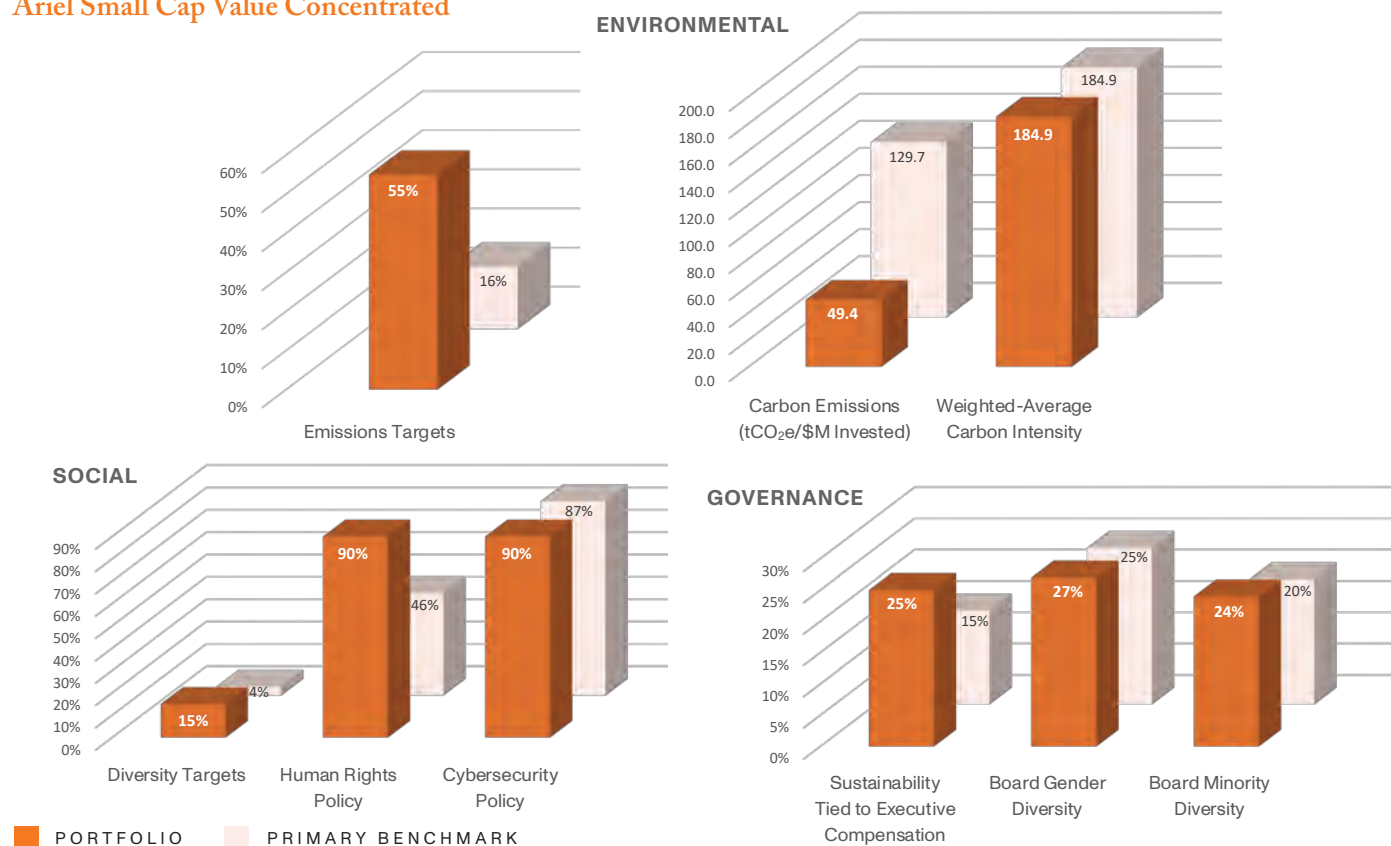
Ariel Small Cap Value



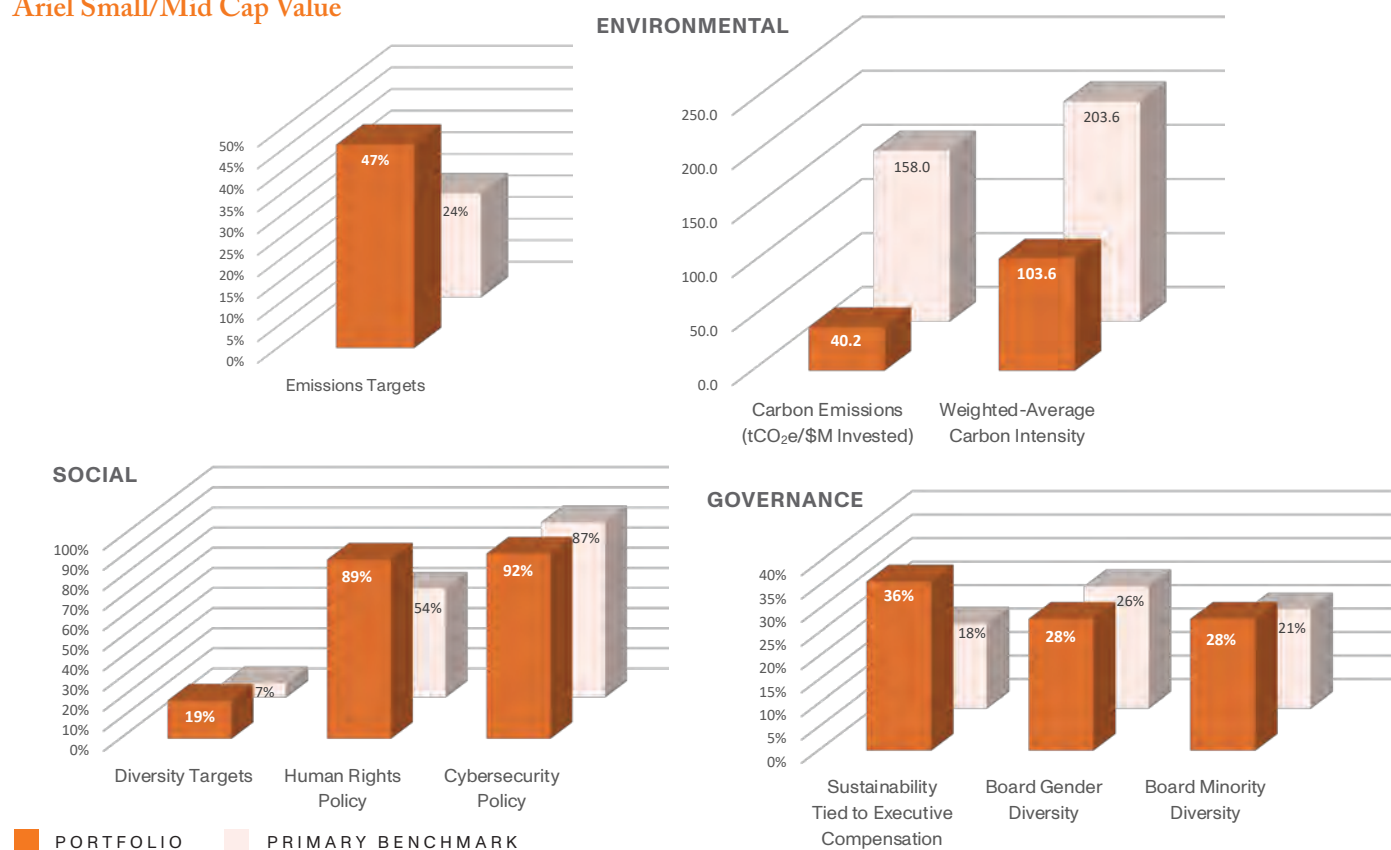
As of December 31, 2022. Carbon emissions and weighted average carbon intensity data sourced from MSCI. All other data sourced from Refinitiv. Calculations are by Ariel Investments. MSCI and Refinitiv make no express or implied warranties or representations and shall have no liability whatsoever with respect to any of their data contained herein. This report is not approved or produced by MSCI or Refinitiv. Ariel cannot guarantee the accuracy, completeness or reliability of the third-party data presented and accepts no responsibility or liability whatsoever for such third-party data. The information provided is for illustrative purposes only, is on a historic basis and does not mean that the portfolio composition is currently the same, or will remain the same, for each listed strategy.

STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Small Cap Value Concentrated

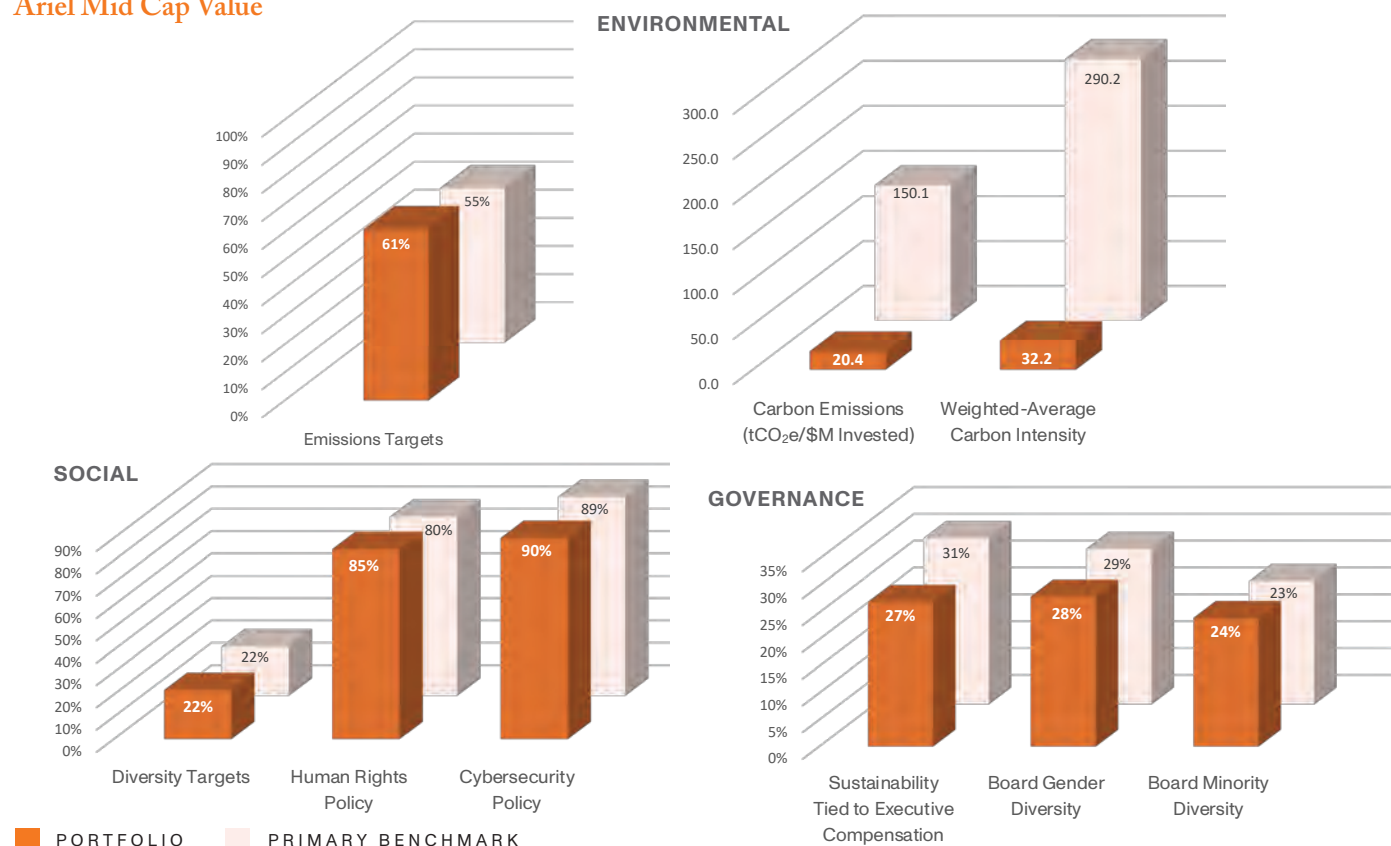


Ariel Small/Mid Cap Value

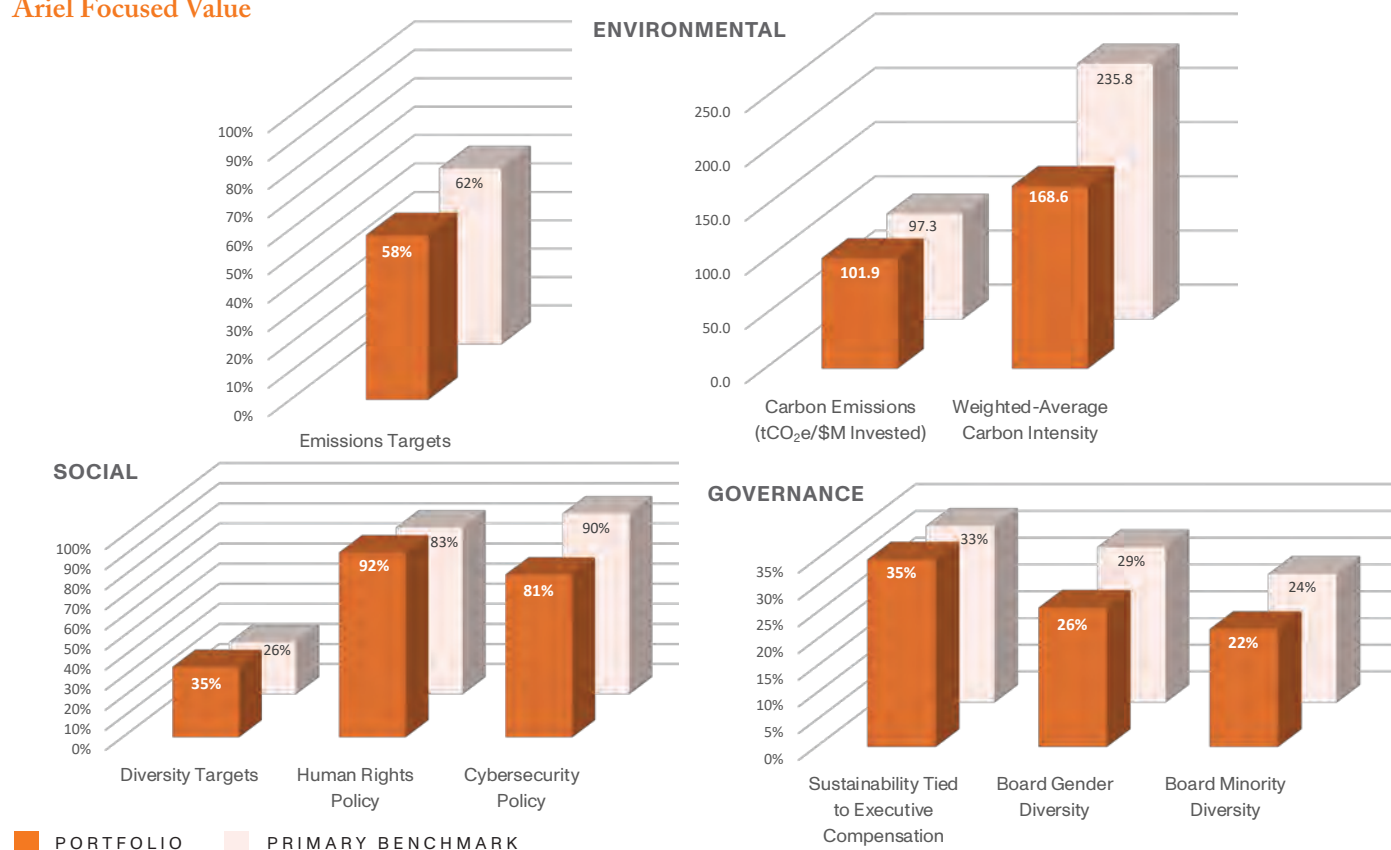


STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Mid Cap Value

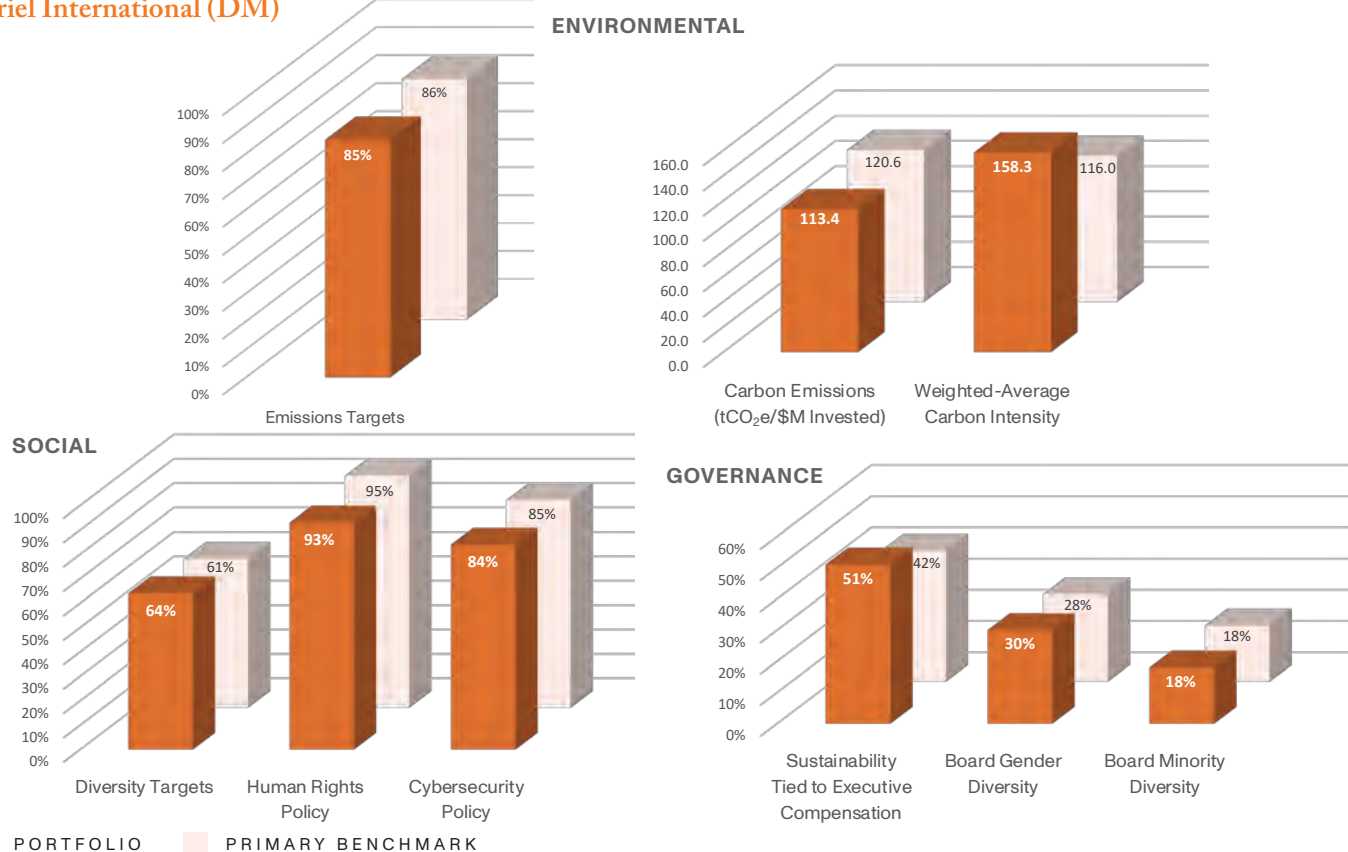


Ariel Focused Value

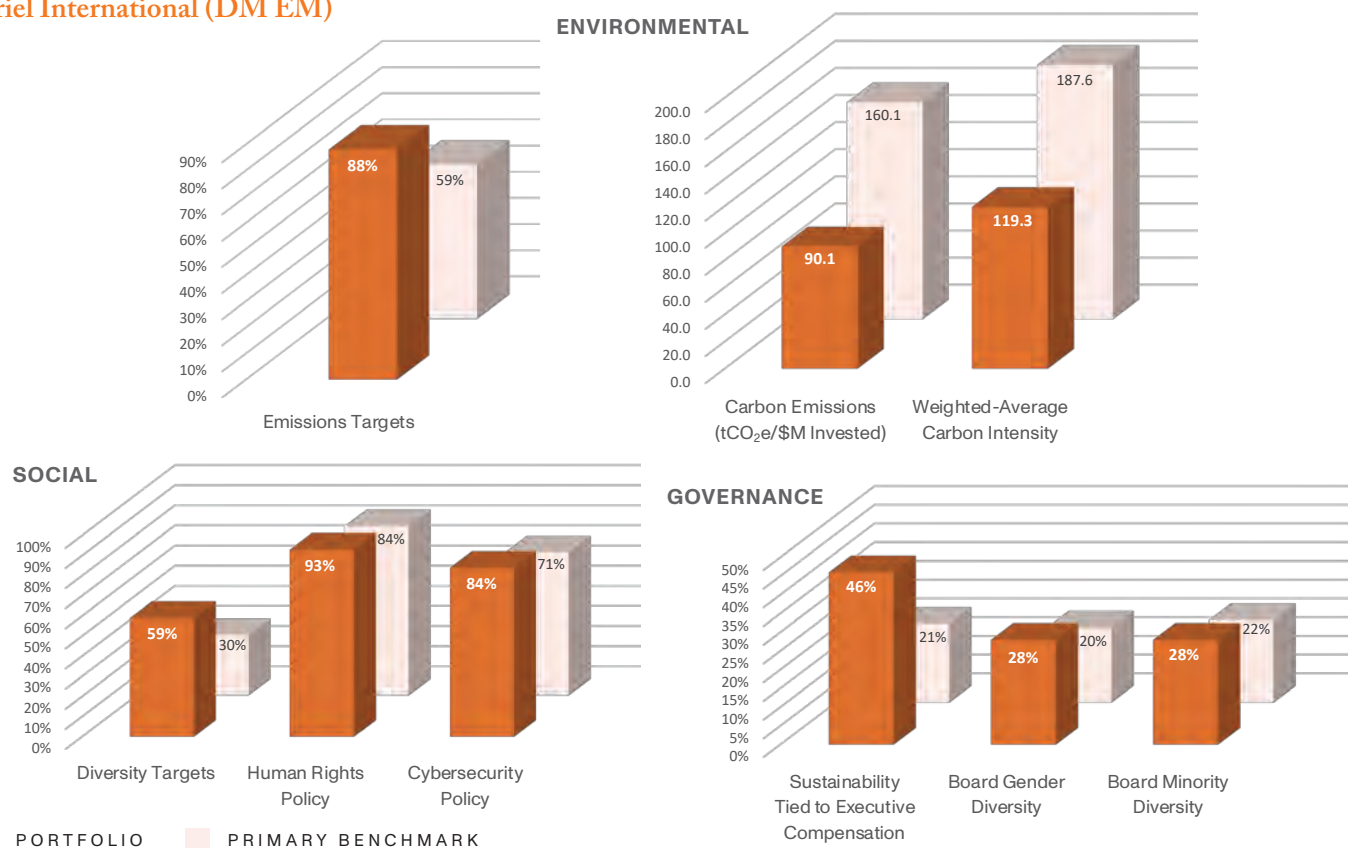


STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel International (DM)

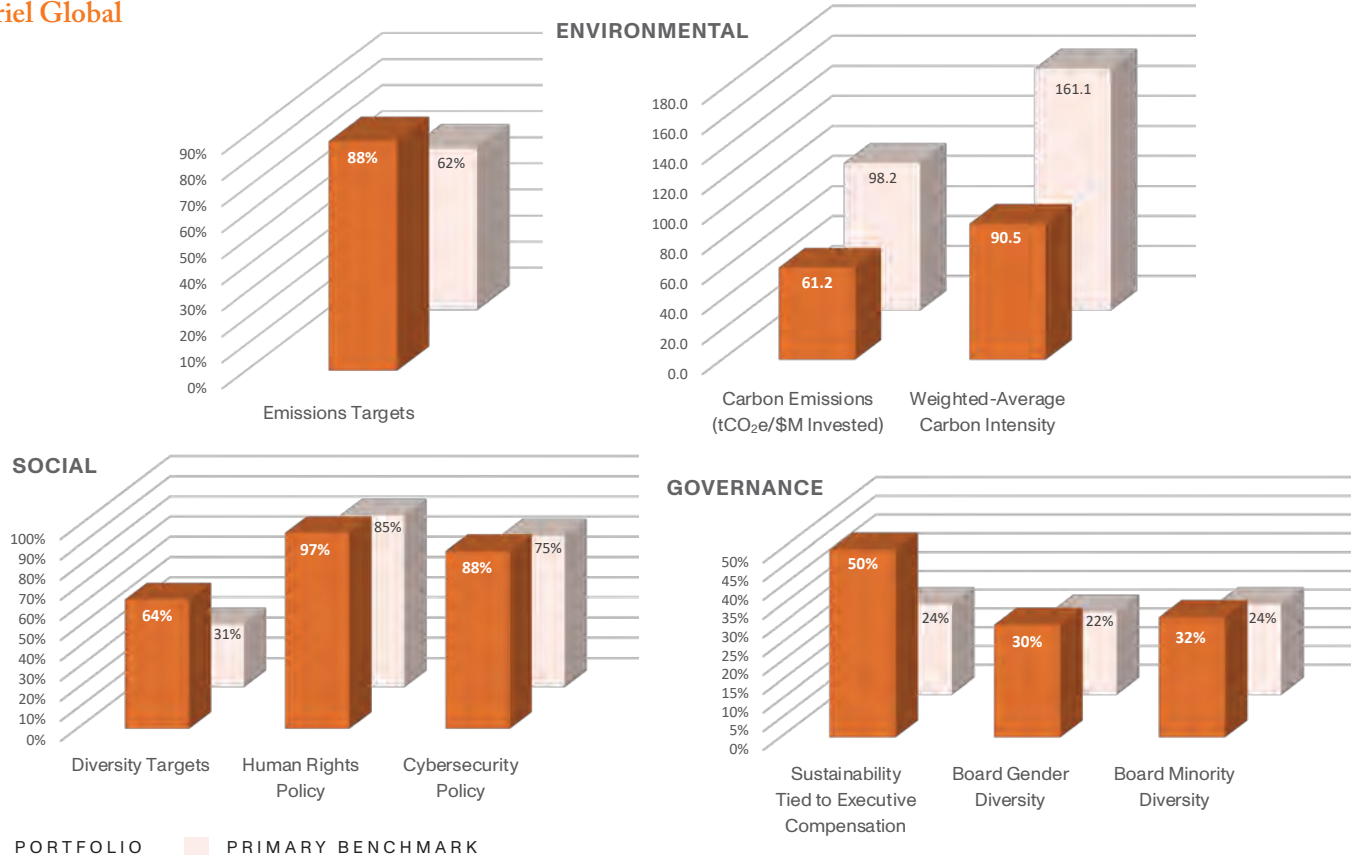


Ariel International (DM EM)

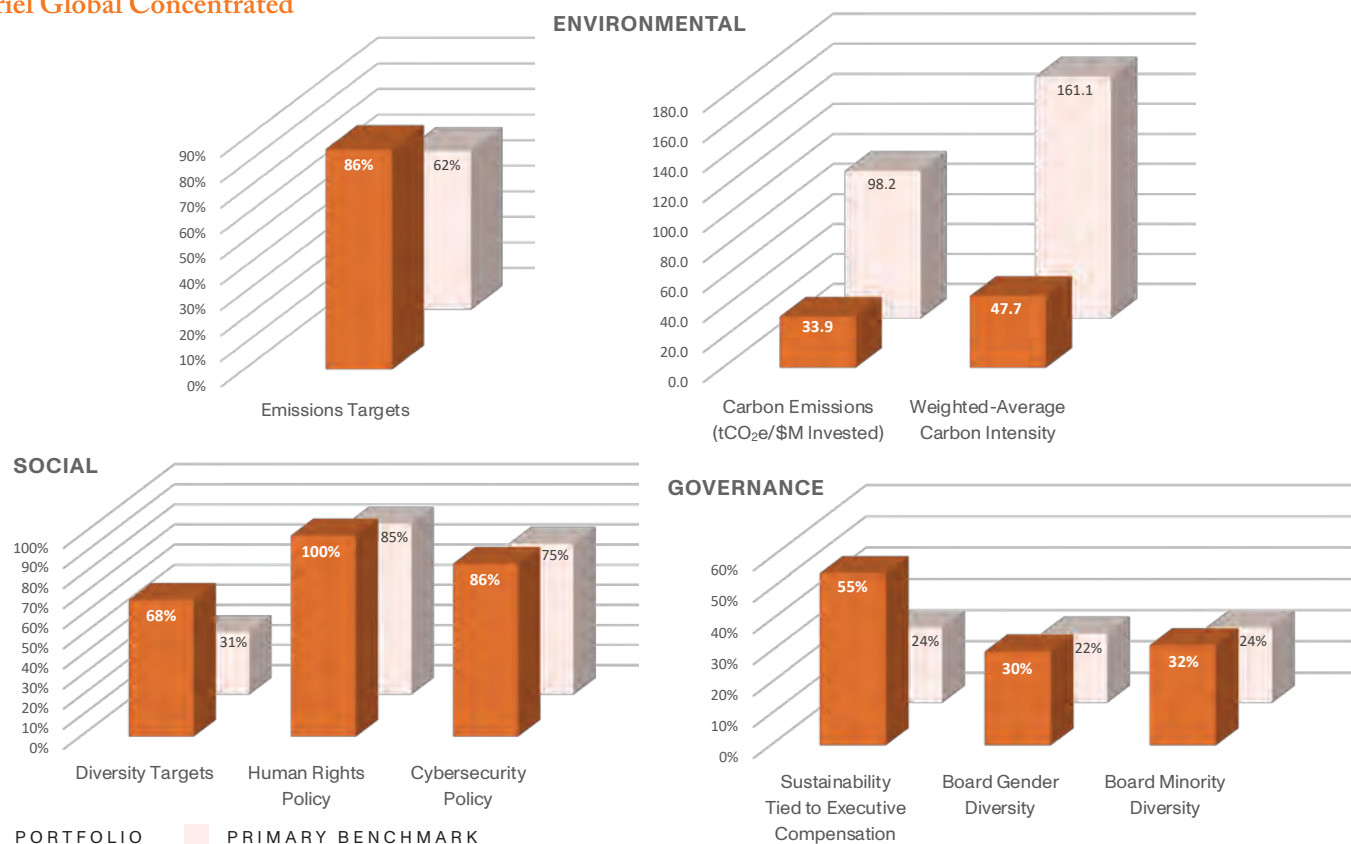


STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Global

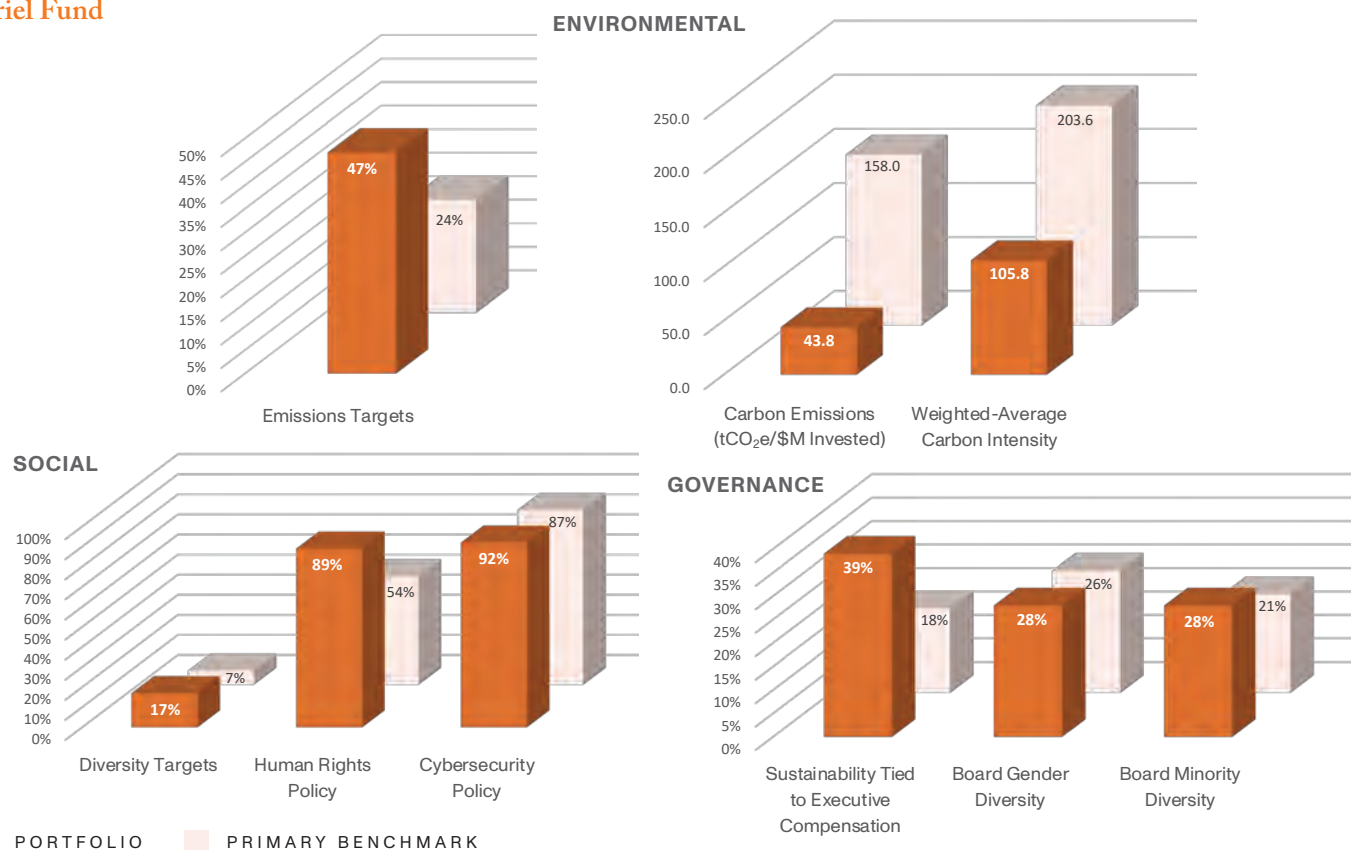


Ariel Global Concentrated

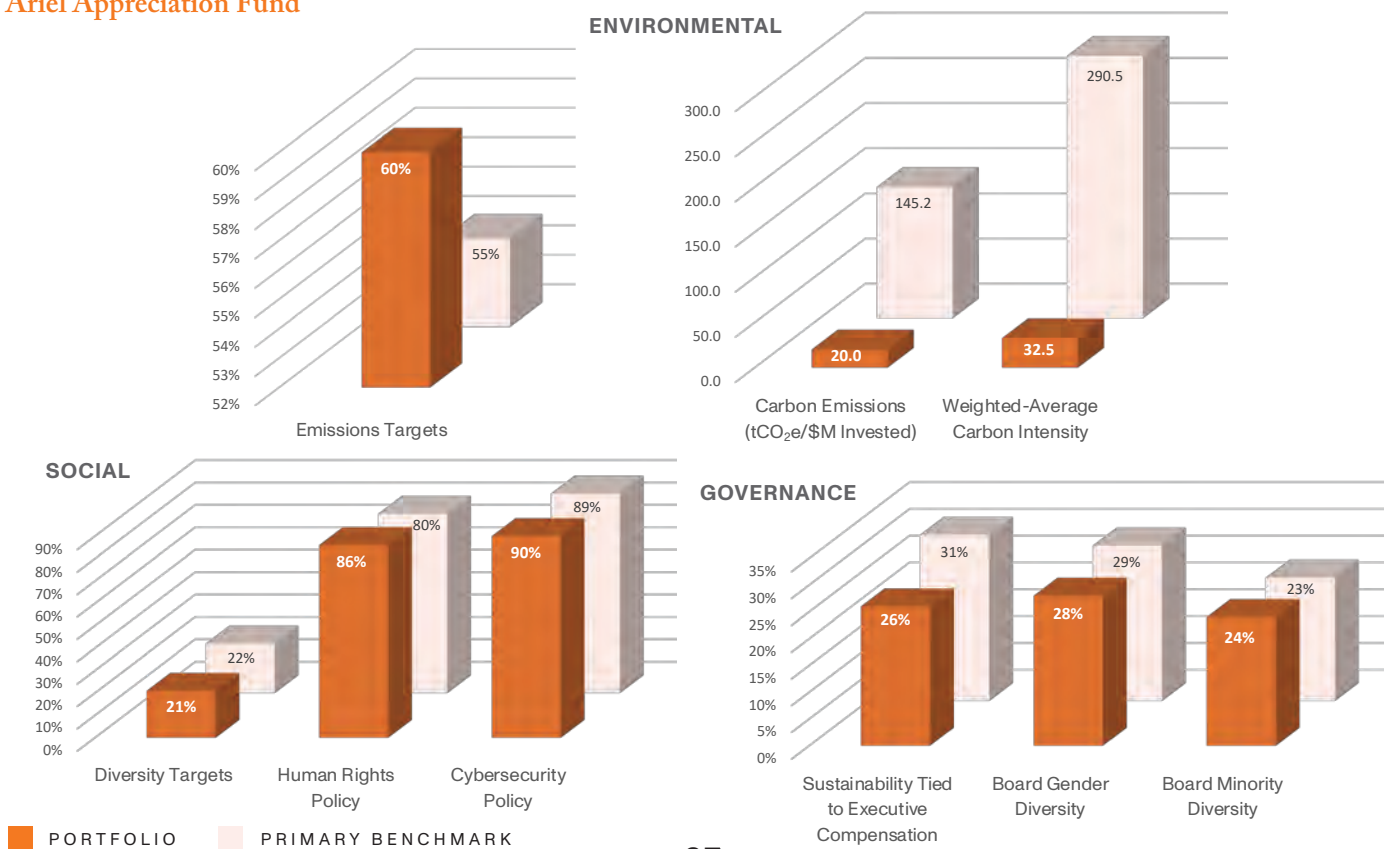


STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Fund

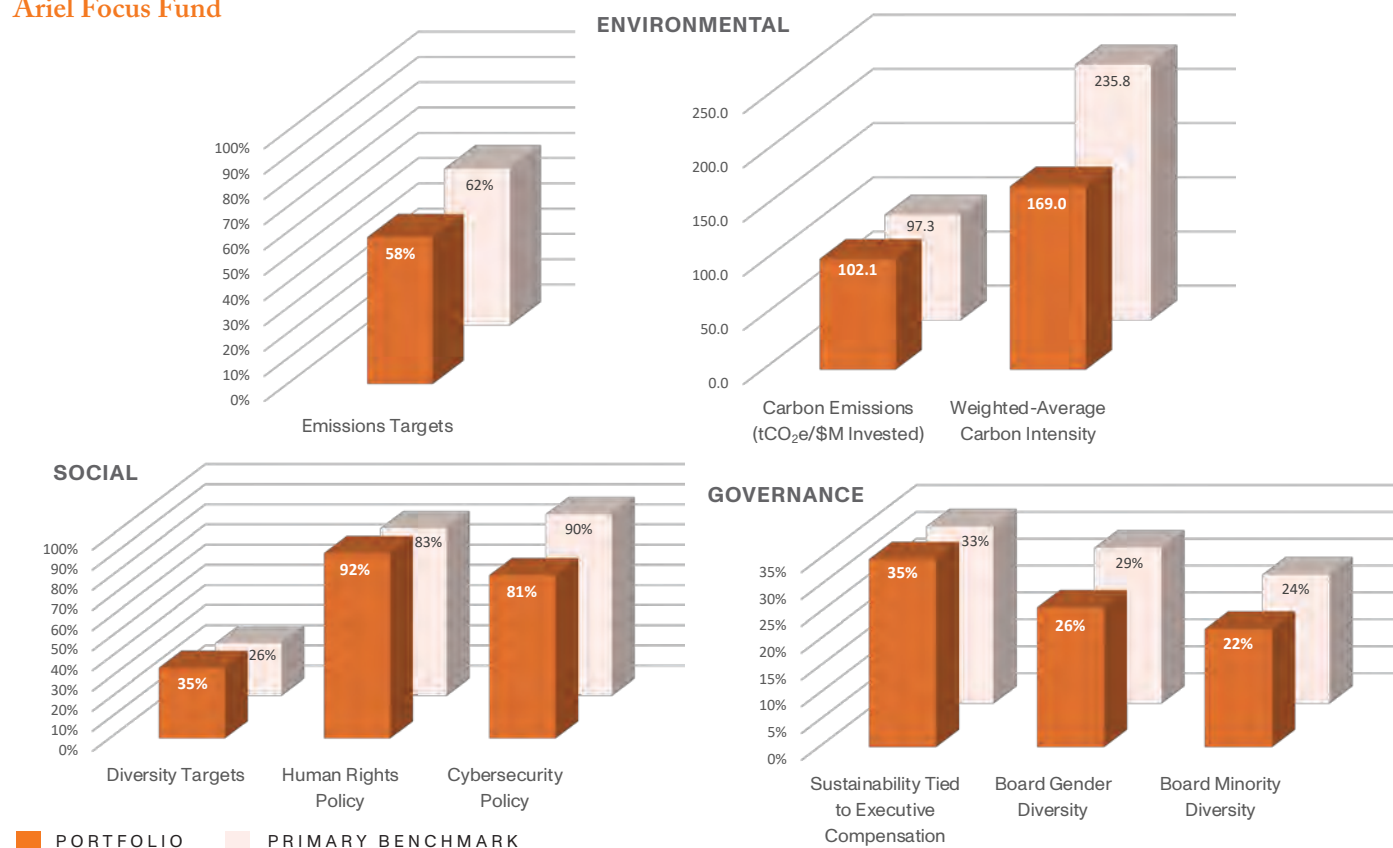


Ariel Appreciation Fund

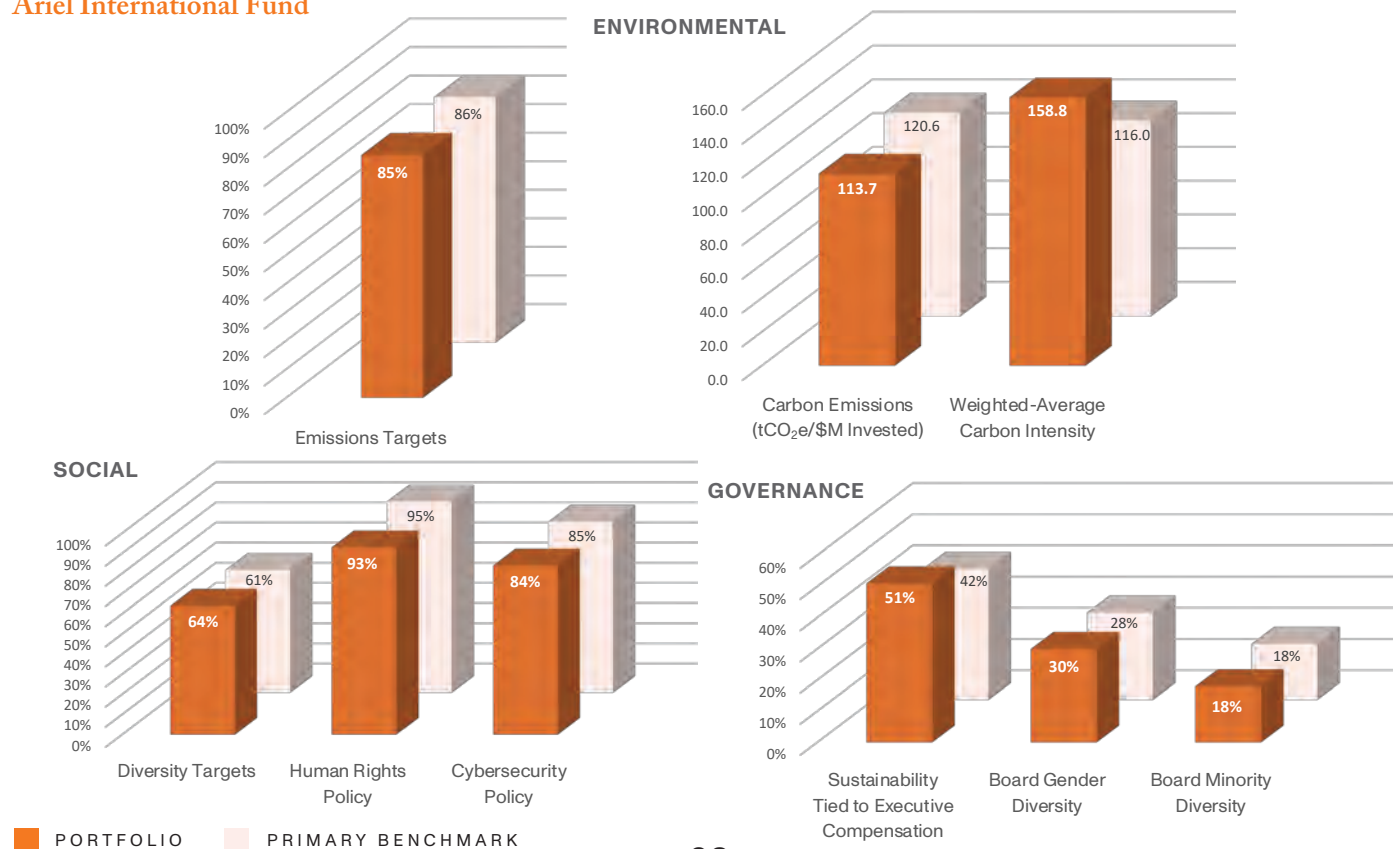


STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Focus Fund



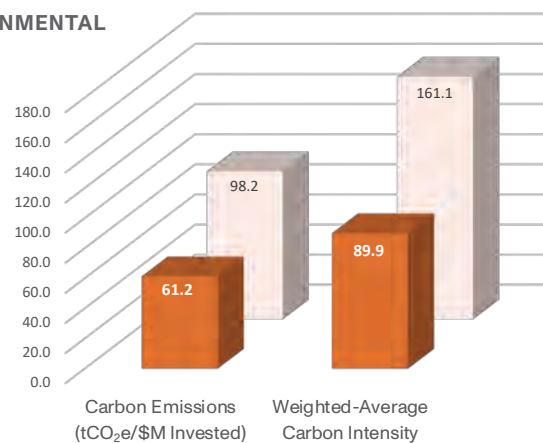
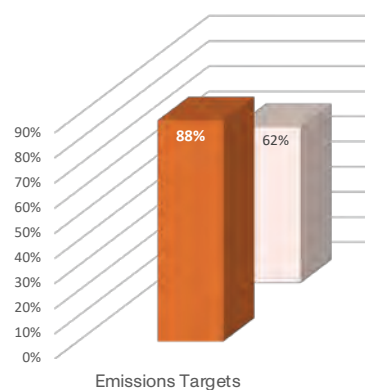
Ariel International Fund



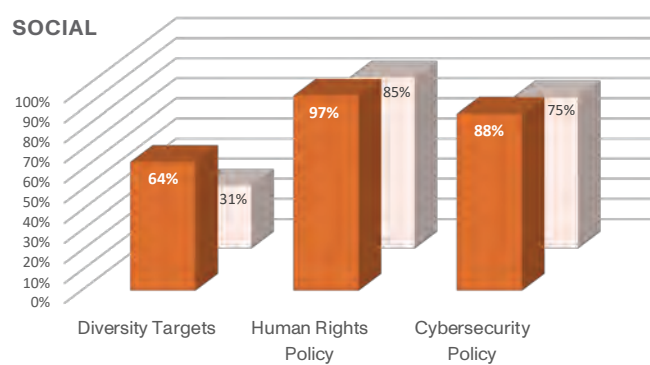
STRATEGY-LEVEL ESG CHARACTERISTICS

Ariel Global Fund

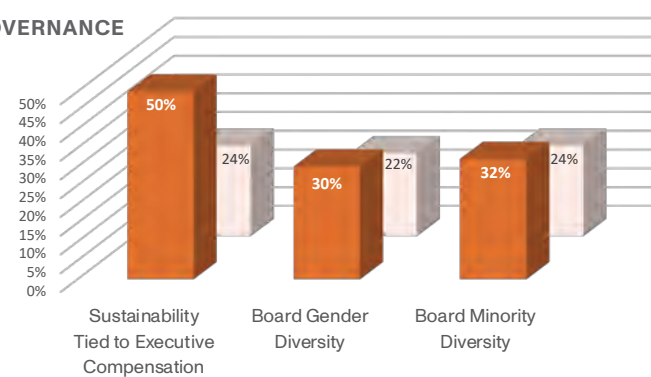
ENVIRONMENTAL



SOCIAL



GOVERNANCE



■ PORTFOLIO
 ■ PRIMARY BENCHMARK

2022 PROXY VOTING RATIONALES

2022 Proxy Voting Summary

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
Walgreens Boots Alliance, Inc.	E, S, G	Amend Certificate of Incorporation to Become a Public Benefit Corporation	Against	Support for the proposal is not warranted because we consider the recommendation of management to be in the best interests of shareholders.
Walgreens Boots Alliance, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Walgreens Boots Alliance, Inc.	S	Report on Public Health Costs Due to Tobacco Product Sales and the Impact on Overall Market	Against	Support for the proposal is not warranted based on current disclosure practices and responsiveness to ongoing direct dialogue on this issue.
The Bank of New York Mellon Corporation	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the recommendation of management to be in the best interests of shareholders.
Lockheed Martin Corporation	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Lockheed Martin Corporation	S	Report on Human Rights Impact Assessment	Against	Support for the proposal is not warranted based on current disclosure practices and ongoing direct dialogue on this issue.
Stanley Black & Decker, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Italgas SpA	G	Elect Supervisory Board Members	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Italgas SpA	G	Elect Supervisory Board Members	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Italgas SpA	G	Elect a Shareholder-Nominee to the Board	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Italgas SpA	G	Elect a Shareholder-Nominee to the Board	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Italgas SpA	G	Appoint Alternate Internal Statutory Auditor(s)	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Italgas SpA	G	Appoint Alternate Internal Statutory Auditor(s)	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Italgas SpA	G	Appoint Alternate Internal Statutory Auditor(s)	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Italgas SpA	G	Appoint Chairman of Internal Statutory Auditor(s)	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
BorgWarner Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.

Votes are sorted in chronological order. Duplicate votes are listed when investment teams vote differently on the same proposals.

2022 PROXY VOTING RATIONALES

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
SNAM SpA	G	Elect Supervisory Board Members	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
SNAM SpA	G	Elect Supervisory Board Members	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
SNAM SpA	G	Elect a Shareholder-Nominee to the Board	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
SNAM SpA	G	Appoint Alternate Internal Statutory Auditor(s)	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
SNAM SpA	G	Appoint Alternate Internal Statutory Auditor(s)	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
SNAM SpA	G	Appoint Chairman of Internal Statutory Auditor(s)	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Johnson & Johnson	E, S	Report on a Civil Rights, Equity, Diversity and Inclusion Audit	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	E, S	Report on a Civil Rights, Equity, Diversity and Inclusion Audit	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Johnson & Johnson	S	Oversee and Report a Racial Equity Audit	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Johnson & Johnson	S	Report on Government Financial Support and Access to COVID-19 Vaccines and Therapeutics	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Johnson & Johnson	S	Report on Public Health Costs of Limited Sharing of Vaccine Technology	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	S	Report on Public Health Costs of Limited Sharing of Vaccine Technology	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Johnson & Johnson	E, S	Discontinue Global Sales of Baby Powder Containing Talc	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	E, S	Discontinue Global Sales of Baby Powder Containing Talc	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Johnson & Johnson	S	Report on Charitable Contributions	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	S	Report on Charitable Contributions	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.

* The requested vote was not provided in line with Ariel's request.

2022 PROXY VOTING RATIONALES

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
Johnson & Johnson	S	Publish Third-Party Review of Alignment of Company's Lobbying Activities with its Public Statements	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	S	Publish Third-Party Review of Alignment of Company's Lobbying Activities with its Public Statements	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Johnson & Johnson	G	Adopt Policy to Include Legal and Compliance Costs in Incentive Compensation Metrics	For	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.*
Johnson & Johnson	S	Consider Pay Disparity Between Executives and Other Employees	For	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.*
The Goldman Sachs Group, Inc.	S	Report on Charitable Contributions	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
The Goldman Sachs Group, Inc.	G	Require Independent Board Chair	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
The Goldman Sachs Group, Inc.	E	Adopt a Financing Policy Consistent with IEA's Net Zero Emissions by 2050 Scenario	Against	Support for the proposal is not warranted based on current disclosure practices and ongoing direct dialogue on this issue.
The Goldman Sachs Group, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
BB Seguridade Participacoes SA	G	Elect Minority Representative under Majority Fiscal Council Election	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Berkshire Hathaway Inc.	G	Require Independent Board Chair	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Berkshire Hathaway Inc.	E	Report on Climate-Related Risks and Opportunities	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Berkshire Hathaway Inc.	E	Report on GHG Emissions Reduction Targets	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Berkshire Hathaway Inc.	S	Report on Effectiveness of Diversity Equity and Inclusion Efforts and Metrics	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Bristol-Myers Squibb Company	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Bristol-Myers Squibb Company	G	Require Independent Board Chair	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
OmnicomGroup Inc.	S	Report on Political Contributions and Expenditures	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
Gilead Sciences, Inc.	G	Require Independent Board Chair	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.

* The requested vote was not provided in line with Ariel's request.

2022 PROXY VOTING RATIONALES

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
Gilead Sciences, Inc.	G	Adopt a Policy to Include Non-Management Employees as Prospective Director Candidates	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Gilead Sciences, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Gilead Sciences, Inc.	S	Publish Third-Party Review of Alignment of Company's Lobbying Activities with its Public Statements	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Gilead Sciences, Inc.	S	Report on Board Oversight of Risks Related to Anticompetitive Practices	For	Support for the proposal is warranted because we consider additional disclosure on this topic to be in the best interests of shareholders.
Philip Morris International Inc	S	Phase Out Production of Health-Hazardous and Addictive Products	Against	Support for the proposal is not warranted based on the company's responsiveness to ongoing direct dialogue on this issue.
Laboratory Corporation of America Holdings	G	Amend Right to Call Special Meeting to Remove One-Year Holding Requirement	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion A	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion B	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion C	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion D	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion E	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion F	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion G	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion H	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Fresenius Medical Care AG & Co. KGaA	G	Counter Motion I	Against	Support for the proposal is not warranted because the content of the proposal is unknown.
Verizon Communications Inc.	S	Report on Charitable Contributions	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
Verizon Communications Inc.	G	Amend Senior Executive Compensation Clawback Policy	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.

2022 PROXY VOTING RATIONALES

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
Verizon Communications Inc.	G	Submit Severance Agreement to Shareholder Vote	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Verizon Communications Inc.	S	Report on Operations in Communist China	Against	Support for the proposal is not warranted because we consider the company's current disclosure or governance practices to be sufficient.
The Charles Schwab Corporation	G	Adopt Proxy Access Right	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
The Charles Schwab Corporation	S	Report on Lobbying Payments and Policy	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
CBRE Group, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
The Mosaic Company	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
The Western Union Company	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Mattel, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Stericycle, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Stericycle, Inc.	S	Report on Third-Party Civil Rights Audit	Against	Support for the proposal is not warranted based on the company's responsiveness to ongoing direct dialogue on this issue.
The Interpublic Group of Companies, Inc.	G	Require Independent Board Chair	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Resideo Technologies, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against	Support for the proposal is not warranted because we consider the company's current governance practices to be sufficient.
Norwegian Cruise Line Holdings Ltd.	G	Adopt Share Retention Policy for Senior Executives	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
NetApp, Inc.	G	Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Support for the proposal is warranted because we consider the proposal to be in the best interests of shareholders.
Microsoft Corporation	E, S	Report on Cost/Benefit Analysis of Diversity and Inclusion	Against	Support for the proposal is not warranted because we consider the recommendation of management to be in the best interests of shareholders.
Microsoft Corporation	S	Report on Hiring of Persons with Arrest or Incarceration Records	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
Microsoft Corporation	E	Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.

2022 PROXY VOTING RATIONALES

COMPANY	TYPE	PROPOSAL DESCRIPTION	VOTE	RATIONALE
Microsoft Corporation	S	Report on Government Use of Microsoft Technology	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
Microsoft Corporation	S	Report on Development of Products for Military	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.
Microsoft Corporation	S	Report on Tax Transparency	Against	Support for the proposal is not warranted because we consider the company's current disclosure or management practices to be sufficient.

2022 FIRM ESG DISCLOSURES

SASB Report

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	EXPLANATION
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations or other regulatory proceedings	Quantitative	Number, Percentage (%)	FN-AC-270a.1	Ariel does not disclose this metric
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Quantitative	Reporting Currency	FN-AC-270a.2	Ariel does not disclose this metric
	Description of approach to informing customers about products and services	Discussion and Analysis	N/A	FN-AC-270a.3	Client Relationship Summary
Employee Diversity, Equity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	Percentage (%)	FN-AC-330a.1	Page 46
Incorporation of ESG Factors in Investment Management and Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	Reporting Currency	FN-AC-410a.1	100%
	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	Discussion and Analysis	N/A	FN-AC-410a.2	Page 28-38
	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	N/A	FN-AC-410a.3	Ariel ESG Policy
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	Quantitative	Reporting Currency	FN-AC-510a.1	Ariel does not disclose this metric
	Description of whistleblower policies and procedures	Discussion and Analysis	N/A	FN-AC-510a.2	Code of Ethics

2022 FIRM ESG DISCLOSURES

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	EXPLANATION
(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	Reporting Currency	FN-AC-000.A	(1) \$7.24 billion* (2) \$8.95 billion * Note: Registered AUM includes investment companies and pension profit sharing plans
Total assets under custody and supervision	Quantitative	Reporting Currency	FN-AC-000.B	\$16.19 billion* * Note: Assets under custody and supervision include \$1.35 billion for Ariel Alternatives, a subsidiary of Ariel Investments, which reflects aggregate commitments and excludes fund-specific leverage

TCFD Climate Report

Governance

Senior Oversight

Ariel Investments recognizes climate change presents both risks and opportunities to our business. As such, we have developed governance structures, policies and processes to review such critical issues. Ariel's board undertakes the following activities to ensure climate-related risks and opportunities are reviewed at the highest levels.

- The Corporate Responsibility, Sustainability and Governance Committee of the board reviews climate-related risks and opportunities at least annually.
- The Diversity, Equity and Belonging Committee, ESG Committee and Green Team report to the board at least annually on corporate-level and investment team strategies and activities.
- Material climate-related operational expenses are reviewed as part of our annual budgeting process.

The Risk Committee is comprised of senior leaders across the firm. The Committee conducts a quarterly review of firm risk exposure related to operational, reputational, compliance, regulatory and other non-investment issues. Climate-related risks are assessed as well. All findings are presented to the finance committee of the board each quarter.

Our ESG Committee meets quarterly to discuss topics including: firmwide ESG integration and engagement activities; third-party research; disclosure practices; training and professional development; marketplace trends; regulatory shifts; and adherence to the United Nations Principles for Responsible Investment (PRI). The ESG Committee also annually reviews our ESG Policy and facilitates our board's evaluation of each investment team's ESG approach, including their approach to managing climate-related risks and opportunities.

The ESG Committee is chaired by the Director of ESG Investing and is comprised of senior leaders from Domestic and Global Equity Research, Institutional Client and Investor Relations, Consultant Relations, Legal and Compliance, as well as Ariel Alternatives.

Our investment teams seek to assess and manage our exposure to climate-related risks and opportunities. They incorporate physical or transition climate risk and opportunity considerations into their analysis and/or direct company engagement when relevant and material.



TCFD Climate Report

Strategy

Climate-related risks, opportunities and impacts

In alignment with the TCFD recommendations, we assess climate-related risks related to our firm and operations, as well as our investment portfolios. With respect to operations, we consider both physical climate issues, i.e., risks stemming from more frequent or severe weather events such as flooding, droughts and storms; and transition issues, including the policy and legal, technology, market and reputational risks associated with the transition to a low carbon economy. We also consider climate-related opportunities both for our business and operations and across our investment portfolios. We consider risks and opportunities over timeframes of 1-2 years (short-term), 3-10 years (medium-term) and 10+ years (long-term).

Our proprietary approach to ESG investing, rooted in financial materiality, incorporates climate risk in our ESG evaluation of prospective and current portfolio companies. Transition risks such as regulatory or land-use policies, energy costs and stranded assets are key risks for many portfolio companies because they can impact business operations and continuity. Physical risks such as exposure to extreme weather patterns may affect supply or production and affect future revenue. Careful consideration of these factors can impact our fundamental analysis and assessment of a company's ability to manage such risks.

On the basis of our analysis, we have identified material climate risks and opportunities as summarized in the chart on the next page.

Climate risks and opportunities in our investment portfolio

At the portfolio level, we perform a quarterly climate risk analysis to monitor carbon footprint and carbon intensity metrics relative to our respective benchmarks. This analysis provides sector and security-level insights into relative contributions to portfolio emissions. It also monitors other metrics such as stranded assets, carbon risk management and climate opportunities. Furthermore, our dashboards monitor ESG opportunities including those related to climate change to inform our assessments, training exercises, future research priorities and engagement targets.

As part of the broader review of an investment, our investment teams incorporate physical or transition climate risk and opportunity assessments into their fundamental analysis and/or direct company engagement when relevant and material. Our assessments can impact buy/sell decisions and portfolio construction through our proprietary ESG Risk Ratings. As part of our bottom-up fundamental research process, our investment teams assign a rating for each company based on the investment team's assessment of industry exposure, disclosure and management of material industry-specific ESG risk factors. Additionally, we seek to engage with companies exposed to climate risks and opportunities to encourage improvement across their policies and practices.

Our Domestic ESG research process includes an assessment of companies' exposure to physical, regulatory and reputation-based climate transition risk; identification of climate-related business opportunities; review of companies' Scope 1, Scope 2 and Scope 3 disclosure practices; and evaluation of TCFD disclosures.

FIRM ESG DISCLOSURES

Climate risks and opportunities in our operations

Climate-related risks can negatively impact the ongoing operations of Ariel Investments. We continue to monitor potential issues arising from carbon pricing, increased regulation and global supply chain disruption. Additionally, we seek to identify opportunities to achieve operational improvements specific to energy efficiency, water management and firmwide emissions. We actively monitor climate-related risks and have implemented various policies and procedures to mitigate climate impacts to our business operations, as follows:

- In 2021, Ariel underwent a third-party sustainability assessment to identify opportunities to decrease our environmental footprint in our Chicago headquarters. In 2022, we made a commitment to phase out single-use plastics in all our offices and implement a composting program.
- Ariel launched its first GHG inventory in 2022
- Our Chicago headquarters is located in a LEED Silver certified building
- Our New York City office is located in a LEED Gold certified building

CLIMATE-RELATED RISKS | TRANSITION RISKS

CATEGORY/TOPIC	RISK/OPPORTUNITY	POTENTIAL FINANCIAL IMPACTS	TIMEFRAME
MARKET RISK	• Changing customer behavior • Uncertainty in market signals	Reduced demand for goods and services due to shift in consumer preferences	Medium and long term
POLICY AND LEGAL RISKS	• Regulation of existing products and services • Exposure to litigation	Increased operating costs (e.g., higher compliance costs) Increased costs and/or reduced demand for products and services resulting from fines and judgments	Short, medium and long term
REPUTATION RISK	• Shifts in consumer preferences • Stigmatization of sector • Increased stakeholder concern or negative stakeholder feedback	Reduced capital availability	Short, medium and long term

CLIMATE-RELATED RISKS | PHYSICAL RISKS

ACUTE RISK	• Increased severity of extreme weather events such as cyclones and floods	Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions) Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism) Increased capital costs (e.g., damage to facilities) Reduced revenues from lower sales/output	Short term
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CLIMATE-RELATED OPPORTUNITIES

ENERGY SOURCE	• Use of lower-emission sources of energy • Participation in carbon market	Reduced operational costs (e.g., through use of lowest cost abatement) Reduced exposure to future fossil fuel price increases Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon	Short and medium term
PRODUCTS AND SERVICES	• Development and/or expansion of low emission goods and services	Better competitive position to reflect shifting consumer preferences, resulting in increased revenues	Short term

TCFD Climate Report

Risk Management

Climate Risk Management in Operations

Our Risk Management Committee maintains a Risk Assessment Heatmap to document and map identified risks to the appropriate Ariel owner. In consultation with the Risk Committee, Ariel's Chief Compliance Officer (CCO) maintains and updates the Risk Assessment Heatmap quarterly. With input from the Director of ESG, the Heatmap leverages TCFD's framework for physical and transition risks to identify and monitor key climate-related risks.

The Committee tracks the progress of any outstanding initiatives to address these identified risks.

Climate Risk Management in the Investment Process

Our investment teams incorporate physical or transition climate risk and opportunity assessments into analysis and/or direct company engagement when relevant and material as part of the broader review of any current or potential holding. As part of our disciplined approach to ESG integration and focus on risk management, we monitor a range of ESG indicators across our strategies. We regularly assess climate risk exposure at the portfolio level by reviewing metrics such as carbon footprint and carbon intensity relative to our benchmarks. Our ESG databases also track progress on portfolio company adoption of science-based targets, SASB-aligned disclosure and TCFD-aligned reporting. Ariel seeks dialogue with management teams to encourage improvement on ESG disclosure and performance across financially material ESG issues, including climate-related risks.

Metrics and Targets

ENVIRONMENTAL METRICS ACROSS OUR BUSINESS OPERATIONS*		
INDICATOR	2022	UNIT
TOTAL GHG FOOTPRINT	4,326	METRIC TONS OF CO ₂ e
EMISSIONS BY SCOPE		
SCOPE 1	6	METRIC TONS OF CO ₂ e
SCOPE 2	274	METRIC TONS OF CO ₂ e
SCOPE 3	4,046	METRIC TONS OF CO ₂ e
CARBON INTENSITY	0.069	CARBON/SQUARE FOOT (Mtons)

* In 2022, Ariel partnered with Green Project Technologies to measure our carbon footprint. Our boundary includes our direct emissions for Scope 1 and 2 as well as certain indirect emissions for Scope 3, namely business travel, employee commuting, and purchased goods and services. Emissions data is reported under the GHG Protocol making use of activity- and spend-based data, and is estimated for completeness where data is unavailable.

Disclaimers

Risks. Past performance does not guarantee future results. Investing in equity stocks is risky and subject to the volatility of the markets. The intrinsic value of the stocks in which the Ariel Investments portfolios invest may never be recognized by the broader market. The portfolios are often concentrated in fewer sectors than their benchmarks, and their performance may suffer if these sectors underperform the overall stock market. Investing in small and mid-cap stocks is more risky and more volatile than investing in large-cap stocks. Investments in non-U.S. securities may underperform and may be more volatile because of the risks involving non-U.S. economies, markets, political systems, regulatory standards, currencies and taxes. Investments in emerging markets present additional risks, such as difficulties in selling on a timely basis and at an acceptable price. A concentrated or focused portfolio may be subject to greater volatility than a more diversified portfolio. An economic moat is a perceived competitive advantage that acts as a barrier to entry for other companies in the same industry, and this perceived advantage cannot protect investors from the volatility associated with stocks, incorrect assumptions or estimations, declining fundamentals or external forces.

Holdings. This report presents our opinion on specific stocks as well as environmental, social and governance issues and processes generally. These opinions were current as of December 31, 2022 but are subject to change. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. This material should not be considered an offer for any of the securities referenced. The information contained in the report is not guaranteed as to its accuracy or completeness. Any holdings mentioned do not constitute all holdings in a portfolio. Portfolio holdings are subject to change. The performance of any single portfolio holding is no indication of the performance of other portfolio holdings. See the specific holdings of each of our strategies and funds on our website, www.arielinvestments.com.

Investing in the Funds. Investors should consider carefully the investment objectives, risks, and charges and expenses before investing. For a current prospectus which contains this and other information about the funds offered by Ariel Investment Trust, call us at 800-292-7435 or visit www.arielinvestments.com. Please read the prospectus carefully before investing. Distributed by Ariel Distributors, LLC, a wholly-owned subsidiary of Ariel Investments, LLC. Ariel Distributors, LLC is a member of the Securities Investor Protection Corporation.

Schwab Ariel ESG ETF. Ariel serves as sub-adviser to the Schwab Ariel ESG ETF but does not distribute the ETF. This communication is not intended to promote or offer the ETF and should not be considered a recommendation for any security, including the ETF.

SLOW AND STEADY WINS THE RACE





ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: Blackstone Property Advisors L.P., Blackstone Real Estate Advisors L.P.

Firm Address: 345 Park Avenue, New York, NY 10154

Please describe how the firm integrates sustainability factors into the decision-making process.

Attached please find Blackstone's Environmental, Social, and Governance Policy. In submitting our response, we do not believe, and do not acknowledge that Blackstone Inc. (or any of its affiliates) is a "fiduciary" to ISBI under the Illinois Pension Code or pursuant to any contractual commitments, including without limitation, any side letters entered into with ISBI or other Illinois state entities, and including for purposes of the newly introduced reporting requirement under 40 ILCS 5/15-177.6.

Environmental, Social, and Governance (ESG) Policy

Introduction

Our mission at Blackstone is to fulfill our fiduciary duty by creating long-term value for our investors and shareholders. Accordingly, Blackstone is committed to integrating Environmental, Social, and Governance (ESG) principles into our investment process and operating philosophy where these efforts can contribute to value creation.

This ESG Policy outlines our firm-wide approach to integrating ESG in our business and investment activities. Certain of our business units maintain their own individual ESG policies, which are aligned with this policy and reflect the unique factors applicable to their respective investment strategies.

ESG at Blackstone

Blackstone is committed to integrating certain ESG factors throughout its own corporate operations with a focus on matters that are meaningful to our employees and investors. We seek to apply our insights to drive value across our portfolio, including by:

- Measuring and reducing greenhouse gas (GHG) emissions resulting from our business operations and using clean energy across certain of our corporate offices
- Fostering diverse talent through active affinity networks such as the Women's Initiative, Diverse Professionals Network, Veterans Network and OUT Blackstone that are dedicated to retaining and raising awareness of diverse groups through speaker series, networking events, service opportunities, and mentoring relationships
- Providing career and other opportunities in communities where we operate through the Blackstone Charitable Foundation in collaboration with our nonprofit and educational partners
- Training applicable full-time employees and certain other temporary personnel, consultants, and advisers through Annual Compliance Training, which includes topics such as data protection and privacy, our Code of Ethics, and fiduciary duties / conflicts of interest, among others, in addition to an initial training during their on-boarding
- Engaging the entire firm annually through our cybersecurity awareness program to educate our employee population to recognize suspicious activities and report them for investigation

Blackstone seeks to adhere to applicable laws and regulations, including on modern slavery and forced labor.

ESG Integration in the Investment Process

The integration of material ESG factors¹ into our investment decisions and ownership is an important part of fulfilling our fiduciary duty.

Based on our experience, we think that consideration of ESG factors not only enhances our assessment of risk but also helps us identify opportunities for value creation. We believe that our targeted ESG program can help strengthen companies, drive value, enhance returns, and create better outcomes.

As applicable and material to any given investment, the ESG factors that may be incorporated into our investment evaluation and monitoring processes include, but are not limited to, the following:

Environmental Considerations	Social Considerations	Governance Considerations
- Greenhouse gas emissions - Air pollution - Waste management (including land and water impact) - Energy management and efficiency - Land use - Climate risk	- Diversity, Equity & Inclusion (including anti-discrimination) - Human rights and modern slavery - Employee health and safety - Labor relations and practices - Customer privacy and security - Product quality and safety	- Corporate governance and oversight - Risk management - Conflicts of interest - Transparency (including financial and operational reporting) - Fraud, anti-bribery, and anti-corruption controls

ESG expertise is embedded across Blackstone, with domain experts sitting within many of our business units, Asset Management teams, and corporate functions. We strive for a highly coordinated approach, knitting our efforts together through a dedicated corporate ESG team that looks to develop ESG policies and support integration within the business units, and regularly report to stakeholders.

Pre-Investment

We generally consider applicable, material ESG factors a key part of evaluating new portfolio companies, investments, and businesses (collectively, Portfolio Companies). By considering applicable ESG factors in the investment process, we aim to identify and address material investment risks and opportunities to drive value.

For majority and minority investments, as the firm deems appropriate, our team engages external counsel or other advisors to assist in conducting ESG due diligence. Our Investment Committees are apprised of material ESG findings where applicable.²

ESG Monitoring and Engagement

Post-Investment

Post-investment, we generally use an annual ESG survey and data collection process to monitor certain participating Portfolio Companies. We ask companies where we hold significant influence to participate in our survey and data collection.³ We use this data to calculate annual GHG emissions, allowing us to measure progress and focus our efforts on the largest opportunities for achieving savings within our portfolio. We also encourage Portfolio Companies to report to their respective boards regarding ESG on a regular basis, with respect to priority ESG topics that they deem to be material to their business.

¹ For the purposes of this ESG Policy, "material" ESG factors are defined as those ESG factors that the firm determines have—or have the potential to have—a material impact on an investment's going-forward ability to create, preserve or erode economic value for that organization and its stakeholders. The word "material" as used herein should not necessarily be equated to or taken as a representation about the "materiality" of such ESG factors under the US federal securities laws or any similar legal or regulatory regime globally.

² ESG due diligence will vary based on (i) the nature of Blackstone's investment, (ii) the transaction process and timeline, (iii) the level of access to information, specifically as it pertains to ESG factors, and (iv) the target investment's sector or business model.

³ Significant influence is generally deemed to exist where there is ownership of more than 20% of the company's common equity. Data collection is conducted with respect to Portfolio Companies of certain Blackstone business units including Private Equity, Tactical Opportunities, Growth, Infrastructure, Real Estate, Blackstone Credit, and BAAM (BSCH only).

Portfolio Company Engagement

Our Portfolio Operations Group and Asset Management teams seek to partner with participating Portfolio Companies. We help Portfolio Companies implement best practices through offering tools, training, and expertise; manage material ESG factors; implement Blackstone-specific initiatives; and measure progress.

We also have firm-wide programs in which applicable Portfolio Companies participate, including:

- Our target to reduce carbon emissions of certain new Portfolio Companies acquired after January 1, 2021 where we control energy usage by 15% on average within the first three full calendar years of ownership (the Emissions Reduction Program); and
- Resources to help Portfolio Companies broaden the pool of talent from which they recruit at all levels—including their boards—as well as how they develop and advance that talent.

As owners and operators, we seek to encourage and implement appropriate governance structures, policies, controls, and processes at our Portfolio Companies to strengthen them and thereby enhance returns.

For Portfolio Companies that are not controlled or otherwise not in scope, we provide access to firm-wide ESG programs, offering resources and expertise to support implementation and improvements where they can support value creation.

Focus Areas

Across our corporate and investment activities, we have identified priority ESG topics that we believe can most affect our ability to build strong companies of enduring value.

Climate Change Mitigation, Resiliency, and Adaptation

We recognize that climate change is a systemic issue, affecting all sectors and geographies. Our goal is to partner with in-scope Portfolio Companies across sectors to drive value through a range of strategic emissions reduction initiatives such as our Emissions Reduction Program.⁴ We also see energy transition as an attractive investment theme. Finally, over time we intend to assess physical and transition risks to certain Portfolio Companies from climate change, and develop resiliency responses to these risks, where applicable, as part of our investment process.

Diversity, Equity, and Inclusion (DEI)

We aim to drive value by supporting our Portfolio Companies in the recruitment, development, and advancement of top talent at all levels from a broad range of talent networks. Our Career Pathways program was created in 2021 to help our Portfolio Companies access historically untapped talent pools and develop and advance that talent through a culture of inclusivity. We are also committed to hiring veterans and their spouses and caregivers across Blackstone and our Portfolio Companies.

Good Governance

We believe that good corporate governance is essential for financially sound companies. We support our Portfolio Companies at various stages of their life cycles to implement good governance practices spanning board governance to controls. Specifically, we prioritize an experienced, active, and engaged board of directors with the skill to properly oversee and direct management and encourage protocols to enhance transparency and good governance. Further, we provide governance training to our professionals serving on Portfolio Company boards and recommend Portfolio Companies provide regular board reporting on their ESG program.

⁴ For additional information, see Additional Information - [Blackstone's Emissions Reduction Program](#).

Engagement

We regularly engage with our limited partners, investors, stakeholders, and industry on ESG matters. As applicable, ESG matters are discussed at Blackstone's quarterly board meetings, annual investor meetings for our business groups, and annual Limited Partner Advisory Committee (LPAC) meetings. Blackstone is a member of the 30% Coalition and a signatory of the Principles for Responsible Investment (PRI) and the UK Walker Principles, helped craft the American Investment Council (AIC) Guidelines for Responsible Investment for our industry, and participates in group-sponsored initiatives that align with our ESG Focus Areas (Corporate Sustainability, DEI, and Good Governance). Blackstone's membership in these institutions contributes to informing its consideration of material ESG factors throughout the investment process to drive strong returns for our investors.

Reporting

We are committed to being transparent with our investors, shareholders, and other stakeholders about Blackstone's ESG initiatives, successes, and goals. Our ESG report provides updates regarding our ESG program firm-wide, and we provide ESG updates on our website. We value regular, frequent engagement with our stakeholders on ESG matters.

Roles and Responsibilities

Blackstone's Chairman / CEO and President / COO have ultimate responsibility for overseeing Blackstone's ESG Policy. The corporate ESG team coordinates initiatives across the firm to maintain a coordinated approach. The Legal & Compliance teams of Blackstone's respective business units, along with Heads of ESG, are responsible for supporting and ensuring compliance with additional ESG policies and related standards, and overseeing their annual review. The corporate ESG team also monitors changes or updates to industry trends, policy, and regulations and provides specialized expertise to the business units as needed.

Blackstone's ESG Steering Committee, which consists of senior corporate leaders, advises on ESG matters across Blackstone.

Blackstone has dedicated personnel who lead ESG efforts within most reporting segments and work with Blackstone's investment and Asset Management teams to integrate the consideration of material ESG factors throughout the investment life cycle. The Portfolio Operations and Asset Management teams, along with our business units, are responsible for operationalizing key ESG programs across Portfolio Companies.

Scope

This ESG Policy covers Blackstone's investments and business units, as applicable, and is reviewed generally on an annual basis to reflect changes to the business. We have separate ESG policies for certain of our business units, as well as specific ESG frameworks and approaches, which consider the material ESG factors according to industry, geography, asset class, and investment horizon. Blackstone's ability to influence and exercise control over ESG matters with respect to the companies in which its business units invest will vary depending on the asset class, investment structure, and contractual rights. In cases where Blackstone determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, Blackstone will only apply those elements of this ESG Policy and the foregoing approaches that it determines to be practicable in light of the underlying facts and circumstances. Examples of such cases may include where Blackstone is a minority shareholder and has limited governance rights or other circumstances where Blackstone is a minority shareholder and has limited ability to assess, set, or monitor ESG-related performance.

This ESG Policy was last updated in June 2023 and is subject to change as the firm considers necessary or advisable. This policy is intended to be reviewed approximately annually. Further, this policy shall supersede and replace Blackstone's September 2019 Responsible Investing Policy and shall apply on a going-forward basis, subject to the limitations discussed herein, to the firm's existing and future investments.



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: Franklin Park Associate, LLC

Firm Address: 251 St. Asaphs Road, Three Bala Plaza, Suite 500 West, Bala Cynwyd, PA 19004

Please describe how the firm integrates sustainability factors into the decision-making process.

On behalf of certain client mandates, our manager operational due diligence process includes an assessment of ESG policies and practices. In particular, we evaluate how managers incorporate environmental, social and governance factors in their investment process. In terms of environmental factors, we evaluate how energy use, waste, pollution and government regulation may impact the strategy and how the manager underwrites or seeks to exploit such factors. In terms of social factors, we evaluate how customer, supplier and employee relationships impact the strategy and how the manager underwrites or seeks to exploit such factors. In terms of governance factors, we evaluate how the manager influences board governance, transparency, management incentives and conflicts of interests.

Recent example:

Riverside Value Fund is a mid-market buyout fund raised in 2021. On behalf of ISBI, Franklin Park made a \$35 million commitment to the Fund. The Fund acquires underperforming North America companies at value prices. The fund manager has integrated ESG procedures into its internal and investment management procedures. The manager values high environmental standards, social responsibility and good governance (ESG), and considers the material ESG risks and opportunities through due diligence when making investment decisions. The manager believes that responsible investing can improve the value of its portfolio companies thereby benefitting the companies and its employees, as well as limited partners. The manager assesses ESG risks and opportunities during the hold periods of its investments and is committed to refining its approach in today's evolving landscape.



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in the [Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: Garcia Hamilton & Associates, L.P.

Firm Address: 1401 McKinney Street, Houston TX, 77010, Suite 1600

Please describe how the firm integrates sustainability factors into the decision-making process.

ESG & SUSTAINABLE INVESTING

At Garcia Hamilton & Associates, L.P. (GH&A), we understand that the role of fixed income, more specifically Core Fixed Income, is to anchor the portfolio so the client can take risks elsewhere. Therefore, our goal is three-fold. First, to outperform our benchmarks net-of-fees with a higher credit profile than the index. Second, to provide our clients with best-in-class service. Third, to set an example as an industry leader in fixed income solutions for institutional clients as well as a leader in corporate diversity and inclusion.

Since inception, we have utilized an active, top-down investment approach to provide safety, liquidity, and return on investment to our institutional, primarily public sector, clients. Our high-quality philosophy prevents the Firm from taking unnecessary or unquantifiable risk.

ILLINOIS SUSTAINABLE INVESTING ACT

GH&A's investment philosophy is aligned with the State of Illinois's bold and forward-looking action through the passing of the Illinois Sustainable Investing Act, requiring every retirement fund subject to the Illinois Pension Code to incorporate sustainability factors into their written investment policy. GH&A has been managing Illinois public sector accounts since 2005 with ESG/SI considerations and currently manages \$5.5 billion in AUM for 24 Illinois public sector accounts (as of June 30, 2024).

GH&A is able to satisfy the requirements of the bill. Per the Illinois Sustainable Investing Act, GH&A includes "material, relevant, and decision-useful sustainability factors" in evaluating investment decisions.

"Sustainability factors" may include:

- a) Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.

b) Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.

c) Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.

d) Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.

e) Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.”

INVESTMENT PHILOSOPHY

Since the Firm’s founding, GH&A has incorporated material environmental, social, and governance (“ESG”) considerations into our research process and the management of portfolios in order to mitigate unquantifiable risk.

Within the Firm’s top-down macro framework, pecuniary ESG risks and opportunities are integrated along with relative value and liquidity factors into the assessment of all the Firm’s products across our high-quality universe. Thus, the Firm is able to maintain outperformance net of fees as a primary investment goal and avoid unnecessary volatility while mitigating traditional fixed income risk and unwanted risk across a spectrum of material ESG issues in the portfolio.

This investment approach is simple, and its simplicity gives it its power. The Firm does not manage targeted or thematic RI strategies and follows a consistent investment philosophy that focuses on the preservation of principal while maintaining high current income.

GH&A is a Principles for Responsible Investment (PRI) signatory and Task Force on Climate-related Financial Disclosures (TCFD) supporter. In addition to supporting the PRI and TCFD, the Firm is aligned with the principles set out by the Sustainability Accounting Standards Board (SASB), which identify the subset of ESG-related issues most relevant to financial performance across industries. The Firm is also a signatory to the CFA Institute’s Diversity, Equity, and Inclusion Code.

RESEARCH & INVESTMENT PROCESS

In selecting investment grade securities within the corporate sector, the Firm first focuses on the largest U.S. issuers and companies rated A-/A3 or better by at least two rating agencies. Historically, the Firm has utilized screens to define its corporate universe and to identify issuers that carry high levels of unquantifiable risk, including risks associated with environmental, social, and/or governance considerations, that could have a financial impact on the issuers. This has not changed over time and includes, but is not limited to, risks associated with foreign companies, Yankee bonds, alcohol, tobacco, gambling, and defense contractors. Issuers identified as having a higher risk profile during this stage are subject to further evaluation to determine their inclusion in the investable universe. The investment team then utilizes research and/or rankings provided by one or more third parties to analyze and scale the remaining issuers based on the sustainability of their operations and their consideration of ESG principles as an integrated part of the team’s evaluation and investment process. After this analysis, the investable corporate universe shrinks to approximately 75 issuers.

These investment considerations are not solely determinative in any investment decision. The investment team addresses these factors during the final phase of vetting investment ideas and potential holdings as a component of the Firm's proprietary issuer risk scale. Thereafter, should the investment team deem securities to be comparable from an investment perspective, the team generally expects to select the securities with the highest rankings consistent with Firm's proprietary scale methodology.

The Firm utilizes third-party research from industry experts to evaluate individual issuers within its universe and peer groups including the S&P Global Ratings ESG Profile Score, the ISS QualityScore, and the CDP Climate Score. The three principal sub-metric factors are then combined as an input into the GH&A proprietary issuer risk scale. The investment team first assigns weights to these third-party metrics according to internal priorities and then calculates a weighted average (0-1) for each issuer and industry. The S&P Global Ratings ESG Profile Score is given a higher weighting within the Firm's proprietary scale due to the broader range of relevant factors assessed. Issuers with missing or inadequate disclosures may be eliminated from consideration. The Firm then stratifies the issuer universe into five categories: Exemplary, Satisfactory, Neutral, Lagging, and Unsatisfactory.

It is also important to know where these issuers stand in relation to their industry peer group. The same methodology used to evaluate individual issuers within the investable universe is applied to a broad group of issuers in each of the Bloomberg Industrial Classification System (BICS) industrial categories to create the relevant peer group scale for each issuer. The investment team then stratifies the issuer peer groups into the same 5 categories: Exemplary, Satisfactory, Neutral, Lagging, and Unsatisfactory.

The investment team monitors all 75 issuers on an ongoing basis, analyzing a combination of issuer and peer group sub-metrics. This analysis includes reviewing the current level of sector spreads and ratio of sector spreads to Treasuries versus historical levels, individual corporate bond spreads, issuer CDS spreads, and stock price performance to determine the relative value of potential investments. Thus, the GH&A research process consists of the Firm's risk control reports such as duration buckets, duration contribution, and option adjusted spread analysis as well as a range of macroeconomic analysis specific to the current economic cycle. The Firm also utilizes reports and data from the proprietary reports and investment tools maintained by the investment team.

SELL DISCIPLINE

GH&A would not direct clients to sell an individual or group of securities in order to achieve a goal that is not primarily investment related.

We typically sell securities for one of several reasons. First, we may sell a security to make a duration or yield curve adjustment in the portfolio. Second, we may sell a security to make an overall sector allocation change. Third, we place securities on our own internal watch list when negative news develops or when their credit rating deteriorates. Thus, we often sell securities when the headline risk outweighs the incremental yield to the portfolio. Lastly, we may sell a security when prepayment or negative convexity concerns develop. When an ESG metric is deemed to have a material impact that could jeopardize the safety, liquidity, or financial performance of an issuer or security, the investment will be evaluated and may trigger further credit review.

TRAINING & OVERSIGHT

The Firm's entire investment team is engaged in and committed to ensuring the proper implementation of the Firm's philosophy and process, including the integration of environmental, social, and governance factors in the investment process. The team sits on an open trading floor, which cultivates a continuous dialogue regarding research and information related to our universe of securities. Additionally, the investment team formally meets once a week to discuss the portfolio and receive updated information on issuers as it pertains to the Firm's investable universe. During this meeting, the team discusses topics such as macroeconomic conditions, market trends, market outlook, headline news, portfolio performance, individual securities, and potential developments pertaining to our risk analysis, and other critical topics. An additional key component of this weekly meeting is the review and discussion of target portfolio characteristics.

The Firm's Strategist plays an integral part of the investment process, providing high-level insight into the economy to help the Firm formalize its economic outlook and portfolio construction. Additionally, the Firm's Chief Risk Officer (CRO) oversees the risk management process of the Firm's assets and is involved in the development of the strategic asset allocation strategy within the investment process. The CRO and the Credit Research Specialist document traditional credit risk along with sustainability risk and opportunities in the Firm's proprietary issuer risk worksheet, which is updated weekly. The investment team utilizes the worksheet to determine and define risks and opportunities across a broad spectrum of credit and sustainability metrics.

REPORTING

GH&A is a signatory to the United Nation's Principles for Responsible Investment (PRI) and supports the Task Force on Climate-related Financial Disclosure (TCFD) framework. As a PRI signatory and TCFD supporter, the Firm regularly evaluates ESG reporting trends and related legislation and provides its clients, prospective clients, and consultants with reporting that is consistent and compliant with industry standards.

GH&A became a signatory to the PRI in June 2019. The Firm filed its most recent Transparency Report in September 2023 for the 2021 reporting year. The Firm scored higher than the median scores across all modules. A copy of GH&A's most recent PRI Transparency Report and/or PRI Assessment is available upon request.

Since 2020, PRI signatories have been required to report to the PRI on several indicators regarding their management of risks and opportunities related to climate change. These indicators are modelled on the disclosure framework of the Financial Stability Board's Task Force on Climate-related Disclosures (TCFD).

TCFD disclosures, in addition to the Firm's traditional financial and quantitative metrics analysis and qualitative assessments, allow the investment team to identify ESG risks and opportunities to inform buy/sell/hold decisions. These disclosures increase transparency around climate-related risks, which are incorporated considerations in the assessment of all the Firm's products across its high-quality universe.

ENGAGEMENT & STEWARDSHIP

The Firm does not engage directly with portfolio companies on ESG matters, as it only manages fixed income assets and does not hold any direct ownership or material control of any of the investments in the portfolio. However, as a PRI signatory, GH&A participates in engagement on ESG issues such as corporate governance and diversity and inclusion (D&I) that impact invested companies. Additionally, Firm professionals participate in collaborative engagements as well as stewardship activities with policy makers that continue to progress corporate transparency and D&I within the financial investment industry. To learn more about how Firm employees engage with organizations within the industry and the communities in which we live in, request a copy of the Firm's Diversity and Inclusion Policy and Quarterly Report.

Accounts managed by GH&A are comprised solely of fixed income and cash equivalent holdings and these holdings are very rarely associated with proxies. As a matter of policy, GH&A will only vote client proxies in the following instances:

- Instances when the client has specifically assigned voting authority to GH&A for securities held in the account, and
- When GH&A receives proxy material pertaining to the account. In these instances, proxies would be evaluated and voted on a case-by-case basis.

DIVERSITY AND INCLUSION

GH&A implements a wide range of D&I-focused initiatives geared towards more fully engaging diversity and inclusion in all its forms and strengthening outcomes for its clients. These include expanding ownership, ensuring our policies support D&I at all levels, and partnering with Minority Women and Disadvantaged Business Enterprise (MWDBE) service providers.

Fundamentally, the Firm believes that diverse solutions lead to better, more competitive results for institutional clients. GH&A practices what it preaches to ensure sustainable development is reflected in Firm professionals, vendor relationships, operations, and community engagements in addition to investments. The Firm prioritizes owner and employee diversity and inclusion, and the success of its diversity efforts speak for themselves – GH&A is a 100% employee-owned and MBE/HUB certified Firm with 85% of Firm Partners, 69% of investment professionals, and 87% of all Firm employees being minorities and/or women.

The contribution of the Firm's women and minority team members has been profound, both to GH&A's success and to the industry as a whole. The Firm actively seeks a pipeline of diverse candidates for each employment opportunity through advertising on targeted, diverse networks as well as broadening position experience and education requirements. Additionally, the Firm seeks to include ethnic or gender diverse candidates in each applicant pool.

GH&A trains and prepares women and minorities for promotion through mentorship and pairing employees with senior team members to educate them on the industry. The Firm actively challenges junior team members by assigning a diverse set of both client and investment-facing projects and continually providing opportunities and tools to succeed. These efforts have led to 12 of 16 Firm Partners and six of ten Portfolio Managers being minority or women.



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: Hamilton Lane

Firm Address: 110 Washington Street, Suite 1300, Conshohocken, PA 19428

Please describe how the firm integrates sustainability factors into the decision-making process.

Responsible investing and risk management have been core to our practices since our inception in 1991. We firmly believe that managing ESG risks is good business and also “The Right Thing to Do”, which is our first corporate value. Hamilton Lane has been and continues to be a strong proponent of Environmental, Social and Governance practices across our investment portfolios. The ESG framework has been engrained in our decision making process since our early days. Every investment starts with good governance, so of the “E” “S” and “G” factors, we always start with the “G”. Factors related to a general partner’s or investment’s governance structure are critical to establishing a corporate foundation for responsible investing. If we cannot get comfortable around “G” risks, an investment is declined early in our investment process. As we go deeper into our underwriting process, our investment team dives deeper into “E” and “S” risks. Within “E” we are focused on reducing overall environmental impact, including lowering carbon footprint. Within “S” we are focused on effective management of human capital, customers, suppliers and communities. Looking at investments through an “E” “S” and “G” lens is a critical part of risk management and mitigation. Material environmental and social considerations will vary as risks are often unique to the strategy, sector or specific deal. We fundamentally believe that if ESG factors are not properly managed, investments can be exposed to the potential for material value erosion.

Hamilton Lane’s commitment to responsible investing and sustainability (inclusive of climate and ESG activities) starts at the top, with our executive team setting clear expectations that our investment activities reflect our core values, and mission, to Safeguard Futures.

To reflect our commitment to responsible investing and sustainability (inclusive of climate and ESG activities), we have invested in governance, strategy, and execution capabilities for over a decade, with our Responsible Investment Committee, Sustainability Team and Sustainable and ESG Taskforces, responsible for each respectively.

Hamilton Lane’s Responsible Investment Committee oversees the approval of high-risk investments from an ESG perspective, impact investments, monitoring of ESG risk events, and compliance with policies and responsible investment regulations. The committee oversees the annual policy review process, as well as all changes to policies, templates, frameworks, and procedures related to responsible investing, ESG, sustainability or impact within Hamilton Lane.

The Responsible Investment Committee members are as follows:

- Paul Yett: Managing Director & Chair of Responsible Investment Committee
- Jeffrey Armbrister: Chief Financial Officer
- Brent Burnett: Head of Infrastructure and Real Assets
- Carolin Blank: Co-Head of Fund Investment and Managed Solutions
- David Helgerson: Head of Impact Investments
- Richard Hope: Co-head of Investments, Head of EMEA
- Jérôme Kamm: Deal Lead, Impact
- Nina Kraus: Director of Sustainability
- Miguel Luiña: Head of Venture Capital & Growth
- Katie Moore: Head of Emerging & Diverse Partnerships
- John Oh: Head of Diversity, Equity, Inclusion & Belonging, Head of Shareholder Relations
- Jackie Rantanen: Head of Evergreen Investor Solutions

The Director of Sustainability, Nina Kraus, leads the firm's cross-platform sustainability strategy and sustainability team globally. In this capacity, she oversees sustainable investment & corporate strategy, ESG, and climate initiatives. Nina is also responsible for supporting and managing client relationships with sustainability objectives in all aspects of client relations, including portfolio construction and strategic planning.

Hamilton Lane has built a dedicated sustainability team whose responsibility it is to support the broader firm with insights and solutions to evolve and develop our sustainability and impact programs, as well as our ESG risk management practices, in line with client needs and industry best practices. The sustainability team partners across Hamilton Lane, influencing and contributing to activities such as sustainable investing, sustainable portfolio construction, risk management, post-investment management & monitoring, reporting, client solutions and compliance, amongst others. We expect to continue investing in the dedicated sustainability team over time. The sustainability team supports several processes that are directly overseen by the Responsible Investment Committee.

While we have always considered ESG risks as part of our corporate and investment decisions, we segmented them into a separate risk category shortly after the Principles for Responsible Investment (PRI) were established in 2005. Hamilton Lane became a signatory to PRI in 2008. Since 2008, we have demonstrated our commitment to managing ESG risks and responsible investing by contributing to thought leadership within PRI, sitting on the committee that developed the PRI guide for general partners in 2013, the committee that developed the PRI LP DDQ in 2015, which we adopted as our first generation ESG DDQ, and a former member of our team having served a term on PRI's Private Equity Advisory Committee (2017-2019). In 2022, Hamilton Lane worked with the PRI and other managers on the development of an ESG questionnaire specific to Venture Capital managers.

Hamilton Lane helped to found Novata, a public benefit corporation, alongside a consortium of investors and best-in-class management team. Novata seeks to act as a data repository for ESG, sustainability and impact-oriented data, streamlining and aligning data collection, comparability, and benchmarking within the private markets. Our Co-CEO, Erik Hirsch, serves on the Novata board, and we subsequently led the Series-B financing round for Novata.

Hamilton Lane has not only put capital behind data transparency and industry alignment, but also leverages the Novata platform in multiple aspects of our business. As of 2023, we had implemented data collection solutions with Novata within our Primaries, Co/Direct Equity and Evergreen Solutions businesses. We also partner with Novata to engage with the broader industry and elevate best practices within private markets to the benefit of our clients and stakeholders.

Hamilton Lane began issuing an annual ESG and Diversity survey to all managers with whom we invest discretionary capital in 2020, across fund, secondary, and direct investments. In 2020, this encompassed over 370 managers; in 2021, we expanded the scope to include over 430 managers, and to nearly 450 managers in 2022. Recently, we launched our 2023 survey on the Novata platform, reaching over 475 managers. The survey is an abbreviated version of the ESG RFI that we issue to managers during the final diligence process. Responses are stored in our CRM software, DealCloud, for transparency to our investment teams. During the 2022 request, we began collecting the data through Novata, which provides benefits for both us and our managers, given the quality of data collection and benchmarking capabilities.

The survey asks managers to provide details on their planned Diversity and ESG projects for the next twelve months. The year-over-year nature of the request allows us to assess if the managers are meeting their goals or falling short. ESG questions cover the following categories:

- Organizational approach
- Integration into investment decision making
- Monitoring of portfolio companies
- Reporting process to investors
- Climate-specific policies and action
- Granular diversity of the manager's organization

By collecting data on such a large portion of the industry, we are granted a high-level view of emerging best practices on ESG and progress on diversity. Managers have been providing increasingly useful information year-over-year. The response rate has also improved year-over-year.

The information in the survey helps our investment teams in monitoring managers that have not raised a recent new fund, and therefore, not undergone our full ESG diligence during the year. During 2023, Hamilton Lane also began leveraging annual survey data to provide portfolio reporting to clients with ESG requirements.

Hamilton Lane implemented RepRisk data coverage for our fund products and discretionary portfolio in 2022. RepRisk uses machine learning to scan over 100,000 public sources and stakeholders daily in 23 languages for ESG related risk incidents tied to companies in our products. These are reviewed by their analysts and data is provided to us monthly. Our investment and Sustainability teams review these incidents for materiality and escalate to our Responsible Investment Committee and general partners as necessary. This type of outside-in reporting has our client's best interests in mind, seeking to increase insight, lower ESG risk and tackle greenwashing.

ESG in the Selection of Managers and Funds

Given our philosophy around the importance of ESG risk-management, we have built a fully integrated approach, incorporating ESG into each underwriting process. We strongly believe that ESG should not sit in isolation from the core decision-making group, and thus, all members of our investment team are trained to analyze ESG-specific risks and identify ESG risk-mitigants. ESG risks vary and are often unique to the strategy, sector or specific deal. Proactive due diligence and monitoring is important to understanding the manager's approach in assessing and tracking ESG risks. Each of our clients are looking to Hamilton Lane to invest our client's capital responsibly and many also ask us to invest along with their own value systems, including clients geared towards carbon neutral portfolios or those with complex ESG policies.

We established an ESG-specific DDQ in 2010, but it has since evolved to be substantially more robust as the market has developed. In addition, we ask general partners to provide information on whether they are a signatory to PRI during our initial screening process. We rolled out our most-recent ESG & Diversity DDQ in October 2020 to reflect further focus on TCFD and to establish diversity tracking within our portfolios, among other amendments. Hamilton Lane's investment team discusses ESG and diversity considerations at our onsite meetings with managers during underwriting to help build out our thinking beyond the DDQ.

Hamilton Lane built and rolled out its proprietary General Partner ESG Rating System (“ESG Rating System”) in 2015, with all team members trained on ESG analysis and our methodology, to consistently build out a view of ESG risk-mitigation, comparable across managers. The ESG Rating System is regularly reviewed and improved as the market develops and the bar on ESG best practices continues to get higher.

Over time, Hamilton Lane has evolved our ESG approach, and continues to do so. In 2020, we launched a comprehensive ESG & diversity questionnaire that is issued for every final investment due diligence, updated our ESG tracking procedure within our CRM tool, DealCloud, and enhanced the way we consider ESG risk and risk-mitigation within our final investment reports. Our updated questionnaire covers topics such as how ESG is integrated into the organization through policies and procedures: how ESG is considered in investment decisions, what form of monitoring and reporting is done on ESG at the portfolio company level, how the general partner considers climate concerns and diversity within the organization and decision-making group. The investment team also analyzes ESG risk factors associated with the general partner’s prior investments and expected future portfolio, considering potential environmental and social factors associated with a given sector and the level of governance risk associated with the general partner’s regional focus. By understanding a General Partner’s approach to managing the environmental, social and governance risks related to its business practices, portfolio management and portfolio company exposures, leveraging our comprehensive ESG and diversity questionnaires and assessing the ESG and diversity practices with general partners during due diligence sessions, Hamilton Lane is able to identify industry best practices and evaluate a general partner’s ESG capabilities. Each manager is scored on a scale of “None” to “Best” ESG risk mitigation, with “None” indicating no active efforts towards risk-mitigation and “Best” indicating highly effective risk-mitigation practices. This score is then rolled up with related scores associated with both the level of risk the general partner has taken previously, and the level of risk expected for the portfolio to derive an overall ESG rating for the investment opportunity.

In 2022, we have continued to embed ESG throughout our diligence processes, including the integration of ESG, earlier, through the inclusion of SFDR Ratings and ESG factors in screening and meeting memorandum. Further, we have rolled out a proprietary ESG Organizational Rating Framework (“ESG ORF”) as an extension of the ESG Rating System, comprised of 23 variably weighted ESG-related questions. General partners are ranked on a scale of one to five to produce an aggregated organizational ESG score. The ESG ORF intends to capture the intentionality and integration of ESG into a manager’s processes, such as how the general partner approaches training and ESG engagement internally and within portfolio companies, the measurement and response of environmental, social and governance issues, climate-related initiatives, diversity, conflicts, exclusions, and control. Every final report produced by the Fund Investment and Managed Solutions Team utilizes the ESG ORF which seeks to standardize our approach to ESG risk assessments.

The Fund Investment and Managed Solutions Team has long recognized the importance of ESG assessment in primary diligences, and in 2022 has also increased the weighting of a general partners ESG score in our General Partner Rating System (“GPRS”), which provides an aggregate score of between one and five to each general partner, that encompasses broader criteria related to team, strategy and track record, in addition to ESG.

Investment teams continuously seek to adopt further risk-mitigation and assessment tools and are working with a large incident tracking platform [RepRisk], to track ESG-related incidents in the underlying portfolios of general partners. We expect this to open further dialogue with managers in how they approach incident monitoring and their ability to rectify and prevent further ESG incidents within their portfolios.

While the roll-out of these new versions of our ESG analysis and assessment will further refine how we think about ESG, we will remain flexible and would expect further evolution over the long term.

The ESG Rating System is not the only way in which we assess ESG; our approach is flexible to appropriately capture and communicate ESG risk and ESG risk-mitigation. In addition to the high level score from the ESG Rating System, Hamilton Lane’s Fund Investment and Managed Solutions Team provides additional detail on ESG practices of the general partner and qualitative assessment of their ESG approach in our final investment reports to highlight what

we believe our Investment Committee and our clients should consider as they think about the ESG approach of the general partner in question and how it might relate to the targeted strategy.

The ESG Rating System as well as our qualitative assessment of risk and risk-mitigation, allows us to have productive discussions with our Investment Committee and our clients about ESG risk of a fund investment opportunity as well as with general partners about best practices within their market segments, and our expectations on how their ESG risk-mitigation practices need to evolve over time. Hamilton Lane's conversations about ESG are not isolated to the initial investment decision and are covered in update meetings, at annual meetings and in ad-hoc discussions with the general partner, as relevant. We believe that it is our duty as an asset manager and advisor within the private markets industry to ensure that we are putting a lens on effective ESG risk-mitigation in our discussions with managers, as well as providing them with the insight into best practices, to raise the standard across the industry.

Whilst we ask the same questions to each general partner through our RFI, the way that we think about appropriate ESG risk mitigation is flexible to the strategy and associated risks of that manager's approach to ESG risk mitigation. To demonstrate how we think about ESG within our diligence, we have highlighted an example of a manager whereby Hamilton Lane made a commitment to the manager's private equity fund on behalf of Illinois State Board of Investments. See below example:

Bregal Sagemount Management, L.P. ("General Partner") is currently raising Bregal Sagemount Basecamp I L.P. ("Fund I") and ISBI made a \$25 million commitment to Fund I. During Hamilton Lane's due diligence of Fund I, we noted the following strengths of the General Partner, specifically as it relates to ESG:

- The General Partner is a signatory to UNPRI and has aligned with additional organizations to develop best practices pertaining to ESG, including Initiative Climat International ("ICI"), the Net Zero Asset Managers Initiative, and is currently working towards TCFD compliance.
- The General Partner maintains a detailed Responsible Investment Report detailing the General Partner's ESG and Climate policies.
- The General Partner includes an ESG Investor Report in its investment diligence process to review ESG-related risks and opportunities, which enables the General Partner to partner with management teams in monitoring and tracking ESG-related risks and opportunities, as well as formalizing key ESG and Climate related KPIs reporting processes.
- The General Partner also encourages portfolio companies to adopt ESG policies as part of its value creation plan and all investment committee memos include ESG requirements.
- The General Partner is dedicated to improving diversity throughout the organization and within its portfolio companies by establishing DEI policies to increase diversity throughout management teams and the broader portfolio company.

Ultimately, keeping all else equal between managers, we seek to fund opportunities and general partners who are mitigating ESG risks to a higher degree than others. Ultimately, our ESG Rating is based on the mitigation of all "E," "S" and "G" risks and is an objective measure. However, our assessment of risk mitigation is based on how well the general partner's ESG approach matches the relative portfolio risk.

Hamilton Lane's Direct and Secondary investment teams also utilize this scoring system for their assessment of a manager/sponsor's approach to ESG risk and opportunity wherever possible. In addition, these groups will assess the ESG risk profile of the associated sector and geography, and the considerations specific to the target company or companies.

Hamilton Lane's conversations with general partners about ESG are not isolated to the initial investment decision and are covered in update meetings, at annual meetings and in ad-hoc discussions with the general partner, as relevant. We believe that it is our duty as an asset manager and advisor within the Private Markets industry to ensure that we are putting a lens on effective ESG risk-mitigation in our discussions with managers, as well as providing them with the insight into best practices, to raise the standard across the industry.

When it comes to our ESG practices, we are far from done and will continue to challenge ourselves to improve further. Our teams are focused on increasing data capture across a number of ESG and sustainability themes and KPIs.

Environmental Factors

Specific to ESG, Hamilton Lane's investment team identifies governance risks within a general partner's management company or investment structure early in our investment review process. In the cases where severe governance issues are identified that undermine the fundamentals of the investment, Hamilton Lane declines an investment early in the review process. We find that governance risks are difficult to change quickly and whilst we always provide feedback to general partner around our reasons for declining opportunities, we often do not see change in governance significant enough to change our thinking around investment opportunities within the fundraising period.

Once we enter our deep due diligence process and the final underwriting process for an investment, our team delves further into governance risks as well as considers environmental and social risks more deeply than in the initial stages of our diligence. When late-stage due diligence shows that a given general partner does not sufficiently manage ESG risk in its portfolio, Hamilton Lane's strategic advice around ESG risk-management best practices can result in a general partner evolving its practices. It is rare that general partners will not engage in ESG improvements if we identify their ESG-risk mitigation practices as a limiting factor to gaining investment approval.

If an investment poses potential significant ESG risk, the deal team will escalate the matter to the Responsible Investment Committee ("RIC") for further discussion and assessment.

When assessing investment opportunities, we look at whether the underlying managers have spent time assessing the environmental impact of their portfolio companies/investments and, particularly in the case of energy-related investments, whether they have considered the impact of changes to regulations. Hamilton Lane's Sustainability Team and FIMS team are currently working together to further split climate risk analysis from broader environmental diligence in 2024.

Hamilton Lane has pledged to reach net-zero emissions across our discretionary investments by 2050, and became a founding member of the Initiative Climate International (ICI)'s North American chapter in 2022.

The ICI was founded in 2015 as a way for private equity players to collaborate on ways to assess climate risk and contribute to the goals of the Paris Agreement by reducing emissions and leading the low carbon transition. We are excited to have joined this group of thought leaders and be part of the ICI's North American Chapter which launched in early 2022.

We are committed to working with our fellow ICI members on climate risk and opportunity training for our investment teams, carbon footprinting best practices for our portfolios, and progress towards our net-zero pledge. Climate change is a pervasive and systemic risk that will only be solved by broad cooperation, and we see this as an important step for our industry.

Hamilton Lane seeks to avoid investments, where possible, in sectors with material negative environmental or social externalities and where there is no strategic plan to mitigate them, at least in part, over the course of our hold period. Hamilton Lane generally applies a negative investment screen for the following sectors across our discretionary investment business in a variety of ways depending on but not limited to transaction type, asset class or fund.

- Thermal Coal
- Oil Sands
- Non-Sustainable Forestry Practices

At the firm level, Hamilton Lane has partnered with a third-party organization to quantify our operational carbon footprint. This is based upon our minimal Scope 1, Scope 2 (electric/gas power consumption and resulting greenhouse gas emissions across our global offices) and Scope 3 (business air/train travel, employee commuting, waste, purchased goods, etc.) GHG emissions.

We have partnered with Climate Impact Partners to offset the unavoidable emissions of our operations by supporting projects with third-party verified carbon credits as well as societal benefit. 2019 and 2020 carbon was offset by supporting renewable power development in India, and clean cooking stove projects in Bangladesh and Ghana.

For the 2021 footprint, Hamilton Lane additionally worked with Ecometrica to verify the calculation of our footprint while expanding the amount of data we were capturing. This added step has allowed us to become a CarbonNeutral® Company for 2021 in accordance with the Carbon Neutral Protocol. We once again worked with Climate Impact Partners to purchase verified carbon offsets equal to our footprint. This year we supported a water filtration project in Kenya that provides numerous environmental and social benefits, as well as once again supporting global renewable energy development projects. We have completed our 2022 and 2023 carbon footprints with Ecometrica and are in the process of offsetting these with Climate Impact Partners.



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: HighVista Strategies LLC

Firm Address: 200 Clarendon St 50th Floor Boston, MA 02116

Please describe how the firm integrates sustainability factors into the decision-making process.

Please refer to the attached document for HighVista's response.

HighVista Strategies LLC

At HighVista Strategies LLC (“HighVista” or the “Firm”), our primary investment focus is on achieving attractive and sustainable long-term portfolio returns for our clients. In a world of increasingly crowded capital markets, we concentrate on finding investments within inefficient public and private markets where we believe we can capture outsized excess returns and seek to partner with specialists whom we believe to possess a combination of true investment talent, an identifiable edge, and a long-term investment horizon.

HighVista’s Investment Team employs a bottom-up framework that evaluates the prospective risk/return of each opportunity. The investment process is flexible by design and does not restrict any specific asset class, sector, or geography unless specifically mandated by the governing documents of a fund or client mandate. When making all investment decisions, we seek to act in our clients’ best interest by executing on a clients’ objectives. This focus on our fiduciary duty requires the Investment Team to consider a variety of factors when evaluating a potential investment opportunity, including factors that fall under various definitions of sustainable investing or ESG. These can include, but are not limited to, environmental, social, diversity and sustainability considerations, governmental and regulatory policies, as well as corporate governance and alignment of interests between investment managers and limited partners, any of which could impact the potential risk/return profile of an investment. The Investment Team will evaluate these risks and/or opportunities if potentially impactful to the risk/return profile of an investment, in conjunction with all other relevant risks and/or opportunities as part of its overall analysis. If the Investment Team determines such risks and/or opportunities are material to the risk or potential return associated with a specific investment, then consistent with its fiduciary duty to its clients, these concerns would be addressed in the Investment Team’s investment memorandum which is presented to the Firm’s Investment Committee for final approval.

As a firm, HighVista is committed to pursuing diversity initiatives that can strengthen the collective diversity of the team and leadership of the firm. Examples of progress the Firm has made over the past year in attracting, retaining and promoting diverse talent including 1) expanding the Firm partnership to a broader group of employee-owners with just over 20% representation from minority groups and/or women, 2) expanding the Executive Committee, which currently includes 40% minority individuals and/or women, and 3) hiring minority individuals and/or women for over 70% of the new hires in 2023¹

ISBI Strategic Partnership

ISBI utilizes HighVista to identify, access, and diligence active investment managers in public equities and private credit. HighVista manages two portfolios in accordance with the governing documents for the strategic partnership and seeks to execute on the strategic partnership by acting in the best interest of ISBI. As such, the Investment Team will consider a wide range of factors when evaluating potential investment opportunities that may include, but are not limited to, the following factors, among many other important considerations for risk and potential return drivers: 1) corporate governance and leadership factors, 2) environmental factors, 3) social capital factors, 4) human capital factors, and 5) business model and innovation factors. Consistent with HighVista’s approach to ESG/sustainability, the Investment Team will seek to evaluate the aforementioned risks and/or opportunities in addition to all other relevant risks and/or opportunities to determine the impact on the risk/return profile of an investment. If the impact is material, the relevant considerations will be incorporated into the diligence that is presented to the Firm’s Investment Committee for feedback and ultimate approval for ISBI’s portfolios. Across both portfolios, HighVista takes a proactive approach to evaluating the diversity of teams at underlying managers and building a strong pipeline of prospective managers led by diverse owned and diverse led teams.

As an investor in externally managed commingled investment vehicles on behalf of ISBI, HighVista does not have control over the positions within a portfolio. The Investment Team takes a pragmatic approach by way of advance consideration of a fund’s investment strategy and constructive engagement with our investment partners. On a

¹ Excludes the individuals onboarded as part of HighVista’s acquisition of abrdn U.S. Private Markets in October 2023.

periodic basis, we reach out to underlying fund managers and partners to complete various diligence questionnaires. The responses are reviewed by the Investment Team to understand how the underlying partners consider different risks as part of their overall investment processes.

Public Equity

Within ISBI's Public Equity portfolio, the Investment Team has constructed a portfolio of investment partners that generally seek exposure to companies with growth prospects driven by strong innovation, solid corporate governance, and an awareness of environmental factors, where relevant. Some examples of investments with an explicit emphasis on sustainability factors are included here.

Corporate Governance:

One partner in the ISBI portfolio employs an activist strategy that targets small companies with poor corporate governance practices in which substantial value can be created by protecting and advocating for minority shareholders. The partner pursues changes including but not limited to separation of CEO/chairman roles, upgrading the management team, and seeking to install highly capable and qualified board members.

Environmental Factors:

HighVista has several partners in ISBI's portfolio where environmental factors play an important role in their investment process. One partner has been especially focused on opportunities created by the growth of clean energy (including solar energy and electric battery technology) and has also enabled its investors the ability to opt-out of certain investments viewed as less environmentally friendly (such as coal). Decarbonization and energy efficiency have emerged as important areas of interest for several of our partners, resulting in recent positions in the portfolio related to wind turbines, energy efficient lighting, and investments in the electric grid. Electrification has become a focus of research for the HighVista team as well, and the team sees substantial opportunities related to that theme. In addition, there is a partner in ISBI's portfolio that grades every company in its universe on sustainability, employs an ESG team, and is itself a Certified B-Corporation² and carbon neutral firm.

Private Credit

Within ISBI's Private Credit portfolio, the Investment Team incorporates sustainability factors into their investment due diligence and considers their impact as it pertains to execution, value, liquidity, and ultimately the return potential and/or probability of success of an investment. By way of examples, several of the managers in the portfolio emphasize Corporate Governance, Environmental Factors, and Social Capital.

Corporate Governance:

Within technology/ARR lending, some managers in the broader universe focus on lending to companies with strong equity sponsorship, which may put investors at odds with one another in the capital structure, while other managers exhibit a commitment to strong governance, independence, and transparency. HighVista's Investment Team tries to understand the different approaches each manager may take, and has passed on investments it viewed to be too passive in regard to corporate governance, instead partnering with a manager that treats corporate governance as a key investment guideline that can enhance value and limit downside.

Environmental Factors:

The Investment Team has focused on areas where energy transition creates an opportunity for those who can properly structure and plan new renewable energy projects. In Europe, where there is significant government support for renewable energy, firms can advance renewable energy projects and can achieve profitability often enhanced by government subsidies. The Investment Team has invested with a manager that has focused on lending

² B Corps™ are for-profit companies that use the power of business to build a more inclusive and sustainable economy. It requires a company to balance its pursuit of profit with a deeper social purpose, as validated by a rigorous, independent assessment of the company's impact on its workers, customers, community, and the environment every three years.

to programs and projects related to energy transition. Meanwhile, the Investment Team has passed on a number of managers that have been active in various stages of energy production and development as the financial risks relating to environmental impact were too opaque and therefore could be deemed material.

Social Capital:

When investing in real estate and specifically in lodging, the Investment Team believes it is important to assess how investments may impact the end customers and the local communities. In the underwriting process, the Investment Team will seek to understand a manager's commitment to access and affordability, community reinvestment, and community relations which singularly or collectively can impact the likelihood of success of the manager's strategy, especially a redevelopment strategy. HighVista has partnered with a manager in ISBI's portfolio that works closely with the local communities in which it operates, including reinvestment in those communities, which we and the manager believe enables a successful investment strategy. HighVista has also partnered with a manager in ISBI's portfolio focused on senior living, which provides social good in the form of financing housing for the elderly community. Lastly, HighVista has partnered with two municipal finance managers who we believe can provide social good through the funding of schools, roads, and other public goods.

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ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: Oak Hill Advisors, L.P. (“OHA” or the “Firm”)

Firm Address: 1 Vanderbilt Ave 16th Floor, New York, NY 10017

Please describe how the firm integrates sustainability factors into the decision-making process.

OHA is committed to responsible business practices across its organization as well as responsible investing through the companies it financially supports. We believe that the consideration of financially material environmental, social and governance (“ESG”) factors is important in seeking long-term value creation on behalf of our investors.

Consistent with OHA’s investment philosophy, investment professionals across seniority levels play an active role in the credit consideration process, including the assessment of ESG factors. The assessment of ESG factors begins at the research analyst level and continues with discussions with the senior research team and portfolio managers.

OHA focuses on the financially material ESG factors that underpin a company’s creditworthiness, utilizing consistent resources to inform determination and analysis of these factors.*

OHA has enhanced its ESG assessment process. The investment team utilizes an OHA designed methodology, which meaningfully contributed to the ESG Integrated Disclosure Project (ESG IDP), an initiative backed by leading trade associations and NGOs to promote transparency and accountability in private credit markets. This methodology utilizes the SASB standards, the technical basis for the International Sustainability Standards Board (ISSB) industry specific disclosure standards.**

SASB Standards identify ESG factors reasonably likely to have a significant effect on the financial conditions, operating performance or market valuation of companies and industries. OHA’s methodology applies a credit lens to the SASB Standards and the investment team utilizes this framework when underwriting financially material ESG factors for each company in which it invests. This allows the team to focus on factors that are most likely to be core to a company’s operations and may affect a company’s ability to repay its lenders. The primary determinants of our factor selection are where ESG factors manifest within the income statement and risk profile and their relevance to credit quality, and the potential magnitude of impact. The secondary determinants of credit relevance within the SASB Standards involve a relative comparison between material factors and associated financial implications as well as climate risk implications informed by the Task Force on Climate-Related Financial Disclosures (TCFD). The intersection between financial and impact materiality, where investments promote environmental and social characteristics, will serve as a valuable informant to OHA’s post-investment engagement strategy.

There is a formal process by which the team documents its underwriting. Analysts determine on a company-by-company basis at time of diligence what are the appropriate underlying ESG factors, as guided by the process above, for each company.** Analysts consider evidence of proactive practices to

mitigate risks or capture opportunity in line with each material factor. They may also consider relative exposure to that factor as compared to industry peers. Analysts may also consider broader reputational risks and incidents for each company when assigning overall scores. In addition, given the relative lack of access to quantitative KPIs in the markets in which OHA invests, we rely on a mix of both quantitative and qualitative data and weigh each, as well as their interconnection, on a company-by-company basis. These factors are used as inputs when assessing overall company E, S and G scores. Ratings are based on a 5-point scale to help the research analysts quantify the materiality of ESG factors for each company.

For additional information on OHA's approach to ESG and sustainability, please refer to the Firm's 2023 Annual report: https://www.oakhilladvisors.com/wp-content/uploads/2024/06/OHA_ESG_Sustainability_Annual_Report_2023-2.pdf. In particular, and with regard to OHA's management of ISBI's mandate, please refer to pages 12-14 and 17 of the document, which describes investments and engagements with Finastra, Solera, PowerSchool, Crash Champions, Imperial Dade and Sabre.

**Certain issuers are excluded from this process.*

***OHA applied a credit lens to the SASB standards and created this framework for the investment team to begin utilizing in September 2022. Certain investments are excluded from this process.*



ISBI Annual Fiduciary Report

In accordance with 40 ILCS 5/22A-113.5, ISBI is required to post an Annual Fiduciary Report containing how each of its Investment Managers integrates the sustainability factors outlined in [the Illinois Sustainable Investing Act](#).

Name of Asset Management Firm: The Rock Creek Group, LP

Firm Address: 1133 Connecticut Ave N.W. Washington, DC 20036

Chicago office: 410 North Michigan Avenue, Suite 333, Chicago, IL 60611

Please describe how the firm integrates sustainability factors into the decision-making process.

RockCreek has had a long-term strategic partnership with ISBI since 2006. As of December 31, 2023, we manage over \$5.5 billion for ISBI across public equities, public credit, core and non-core real estate, and private debt. All sub portfolios have outperformed their respective benchmarks since inception. RockCreek has committed over \$600 million to diverse-owned firms and close to \$450 million to Illinois-based investments on behalf of ISBI across public and private markets portfolios.

RockCreek is a leading global investment firm that applies data-driven technology and innovation to investing. Launched in 2003, the team includes two ex-CIOs who were responsible for managing \$110 billion in assets at the World Bank across multiple asset classes.

RockCreek's roots give us a deep understanding of investing in a sustainable manner. When applicable in the ISBI portfolios, we consider sustainability factors as well as risks including environmental factors, social capital factors, human capital factors, diversity and business model and innovation factors in investment opportunities.

For the ISBI portfolios, RockCreek starts with sourcing, and researching investment opportunities drawing on our in-house research database—one of the largest universes of diverse, sustainable, and impact investments and diligence. Our platform is broad, including established managers, newer managers, and diverse managers in public and private markets. It is used by the RockCreek team to build and monitor the ISBI portfolios and includes various factors, such as the composition of managers by strategy, size, performance, geography, and minority group, to ensure that diverse managers are included in the universe of opportunities across asset classes.

As of December 2023, our database of investment opportunities has approximately 3,450 diverse investment managers and over 3,650 sustainable and impact investment strategies and companies across sectors and themes including climate, clean energy, education, healthcare, affordable housing, sustainable agriculture and food systems, digital infrastructure, financial access, diversity, equity and inclusion.

As part of the due diligence process, we request potential GPs, companies and managers complete a comprehensive due diligence questionnaire, including diversity, equity, and inclusion (DEI) and sustainability questions on their firm, team, investment philosophy and process, risk management framework, and methodology and policies. Additionally, we also review a firm's diversity policy, ownership, team data, and compensation structure for inclusion and equity and litigation and regulatory matters in this area of diligence, among others.

Firm-wide, RockCreek has allocated over \$6.2 billion in assets with emerging and diverse managers since inception of the firm, with over \$2.9 billion with Black- and Latino-owned funds and approximately \$1.5 billion in woman run funds since inception, as of December 31, 2023.¹

Our investment and research process includes what may be referred to as sustainability related factors and risks, and also includes identifying strong corporate governance factors and alignment of interests with minority shareholders. Our due diligence evaluates information that we obtain through direct dialogue with managers. We also use independent research and analysis of organizations like the World Bank and World Resources Institute when evaluating investments.

As part of our due diligence questionnaire, we request managers to provide information on their firm as well as on the fund and includes the following areas: sustainability initiatives; policies and philosophy, risk management, reporting and accountability, engagement with investments, memberships in organizations such as SASB, CII, ILPA, SBAI and other industry groups.

A few sample question and topics that fall into these categories include:

- How positive outcomes are generated, and potential negative outcomes limited.
- Whether the fund directly engages portfolio companies or issuers on sustainability issues as well as the firm's engagement strategy and objectives.
- Decision-making processes sustainability including risk analysis.
- The way the environment (waste, water, resources) or carbon footprint are considered in the firm's investment process.
- Assessment of exposure to climate risk.
- Methodology for quantifying it and analyzing carbon intensity.
- Specific, material KPIs reviewed and reported upon.

Furthermore, RockCreek has undertaken steps to be a leader in encouraging the utilization of diverse minority-owned and women-owned firms, vendors and broker-dealers, including sponsoring events designed to foster communication between diverse brokers and managers. RockCreek has sponsored roundtables on "Exploring the Full Universe of Broker Dealers in Partnership with the Hedge Fund Industry". An evident portion of our trading at RockCreek is executed with minority broker dealers. We have been active in expanding the number of approved minority broker dealers on our platform.

RockCreek is a supporter of many of the impact and sustainable investment initiatives in the industry to keep most up to date on the ongoing research and developments in this area and with the goal of advancing transparency and data collection around sustainability factors and risks. These include the Sustainability Accounting Standards Board (SASB), the Council of Institutional Investors (focusing on corporate governance and responsible investing), the Institutional Limited Partners Association Diversity in Action (including being members of the steering committee), and the Net Zero Asset Manager Initiative.

The names of the diverse investments that RockCreek has invested in on behalf of ISBI are contained in the periodic reporting previously provided to ISBI. In addition, detailed information regarding Illinois-based investments made for the ISBI portfolio has been previously provided.

Across all ISBI portfolios managed by RockCreek—equities, credit, private debt, core real estate and non-core real estate, we continue to focus on increasing exposure to MWDBE managers consistent with the applicable objectives and guidelines.

Below is a case study of an investment within the ISBI portfolios that demonstrate RockCreek's due diligence process regarding diversity, sustainability and impact.

¹ Diverse firms are those firms with 51% or greater ownership by minorities, women, or disabled persons and are U.S. based.

Case Study: Rose Affordable Housing Preservation Fund VI

Jonathan Rose Companies was founded in 1989 and has managed fund investment vehicles dating back to 2005. The Firm currently has \$1.7 billion in assets under management. Rose Affordable Housing Preservation Fund VI invests in affordable, mixed-income multi-family housing across U.S. metropolitan areas. These include 100% affordable, mixed-income, rent-stabilized or controlled properties, and those subsidized by the U.S. Department of Housing and Urban Development's Section 8 or restricted by Low Income Housing Tax Credit regulations.

MWVD Ownership. Rose is 6% MWVD owned and as an organization is comprised of 46% MWVD individuals. The senior investment team is 38% MWVD.

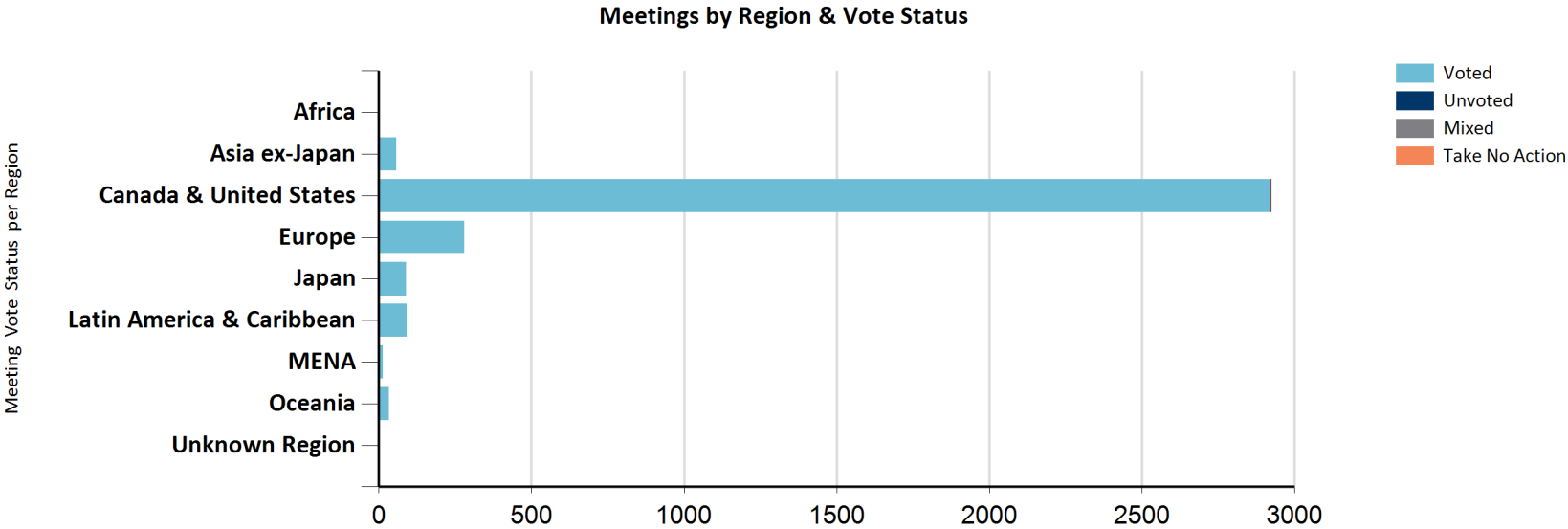
Impact through Investments in Illinois. Through its prior affordable housing funds, Jonathan Rose Companies has acquired seven affordable housing assets in Illinois between the years of 2015 to 2022. Six of these assets were in Chicago, IL and the seventh was in Orland Hills, IL. The properties are a mix of Section 8, LIHTC, and mixed income assets with 1,792 total units, of which 1,086 of the units qualify as regulated affordable housing units. In total, \$48.7 million of Fund equity (\$61.9 million of total equity) was deployed into the seven assets within the state and the assets are currently marked at a 1.4x gross investment multiple and 0.2x DPI from partial realizations due to income distributions.

Impact & Sustainability. Nearly 19 million families in the United States face severe housing insecurity, spending more than half of their income on housing costs and often residing in communities with limited access to opportunities. This Fund is dedicated to addressing this crisis by targeting subsidized, regulated, mixed-income, and naturally occurring workforce housing to create and preserve long-term affordable housing.

As of 2023, Rose manages and operates over 100 properties across 15 states and Washington, D.C. Of the more than 19,000 residential units under their management, over 17,000 units (89%) are affordable, either through Section 8 or rent restrictions. Rose is also committed to broader sustainability goals, including reducing greenhouse gas emissions, decreasing water intensity, improving energy efficiency, and enhancing waste recycling across its portfolio.

Meeting Statistics Report

From 7/1/2023 to 6/30/2024



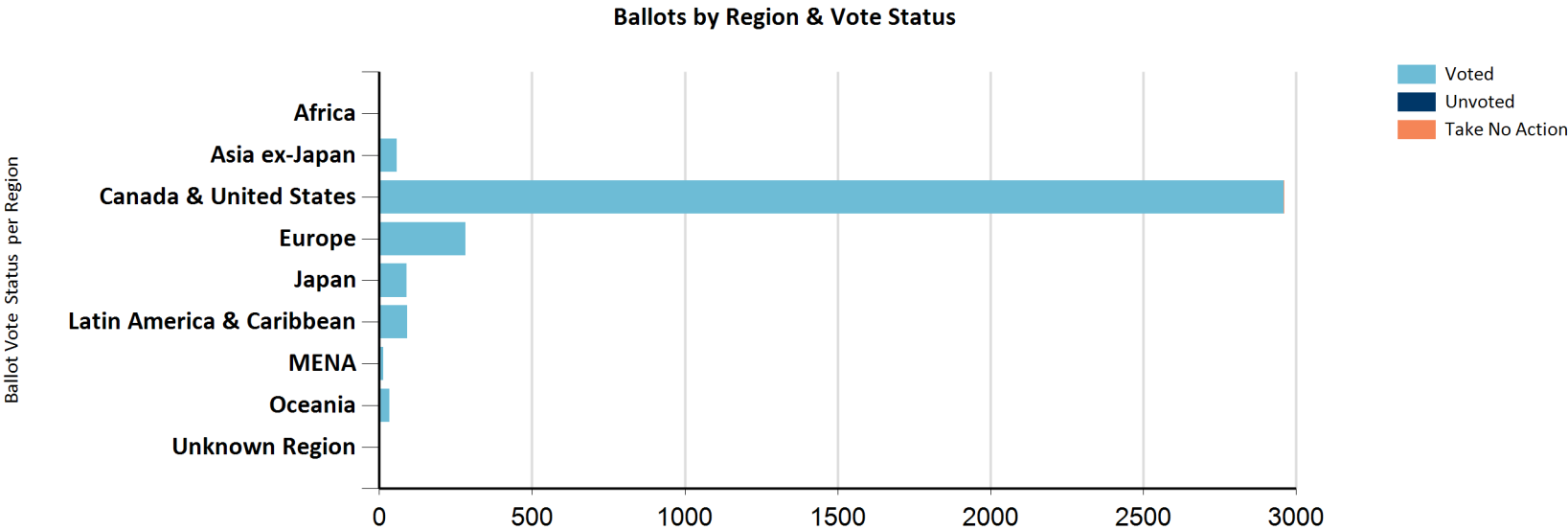
Region	Country Of Origin	Voted	Unvoted	Mixed	Take No Action	Total
Total for all Regions		3491	1	0	1	3493
Africa		1	0	0	0	1
	Liberia	1	0	0	0	1
Asia ex-Japan		58	0	0	0	58
	China	1	0	0	0	1
	Hong Kong	4	0	0	0	4
	Korea, Republic of	38	0	0	0	38
	Singapore	13	0	0	0	13
	Taiwan	2	0	0	0	2
Canada & United States		2921	1	0	1	2923

	Canada	54	0	0	0	54
	United States	2867	1	0	1	2869
Europe		281	0	0	0	281
	Austria	8	0	0	0	8
	Belgium	12	0	0	0	12
	Denmark	9	0	0	0	9
	Finland	5	0	0	0	5
	France	26	0	0	0	26
	Germany	22	0	0	0	22
	Gibraltar	1	0	0	0	1
	Guernsey	1	0	0	0	1
	Ireland	25	0	0	0	25
	Italy	14	0	0	0	14
	Jersey	11	0	0	0	11
	Luxembourg	6	0	0	0	6
	Netherlands	18	0	0	0	18
	Norway	9	0	0	0	9
	Portugal	2	0	0	0	2
	Spain	9	0	0	0	9
	Sweden	12	0	0	0	12
	Switzerland	17	0	0	0	17
	United Kingdom	74	0	0	0	74
Japan		90	0	0	0	90
	Japan	90	0	0	0	90
Latin America & Caribbean		91	0	0	0	91
	Bahamas	1	0	0	0	1
	Bermuda	43	0	0	0	43
	Brazil	8	0	0	0	8
	Cayman Islands	29	0	0	0	29
	Mexico	1	0	0	0	1

	Panama	2	0	0	0	2
	Puerto Rico	4	0	0	0	4
	Virgin Islands (British)	3	0	0	0	3
MENA		14	0	0	0	14
	Israel	14	0	0	0	14
Oceania		34	0	0	0	34
	Australia	22	0	0	0	22
	Marshall Islands	12	0	0	0	12
Unknown Region		1	0	0	0	1
	Unknown Country	1	0	0	0	1

Ballot Statistics Report

From 7/1/2023 to 6/30/2024



Region	Country Of Origin	Voted	Unvoted	Take No Action	Total
Total for all Regions		3531	1	1	3533
Africa		1	0	0	1
	Liberia	1	0	0	1
Asia ex-Japan		58	0	0	58
	China	1	0	0	1
	Hong Kong	4	0	0	4
	Korea, Republic of	38	0	0	38
	Singapore	13	0	0	13
	Taiwan	2	0	0	2
Canada & United States		2958	1	1	2960
	Canada	54	0	0	54

	United States	2904	1	1	2906
Europe		283	0	0	283
	Austria	8	0	0	8
	Belgium	12	0	0	12
	Denmark	9	0	0	9
	Finland	5	0	0	5
	France	26	0	0	26
	Germany	22	0	0	22
	Gibraltar	1	0	0	1
	Guernsey	1	0	0	1
	Ireland	25	0	0	25
	Italy	14	0	0	14
	Jersey	12	0	0	12
	Luxembourg	7	0	0	7
	Netherlands	18	0	0	18
	Norway	9	0	0	9
	Portugal	2	0	0	2
	Spain	9	0	0	9
	Sweden	12	0	0	12
	Switzerland	17	0	0	17
	United Kingdom	74	0	0	74
Japan		90	0	0	90
	Japan	90	0	0	90
Latin America & Caribbean		92	0	0	92
	Bahamas	1	0	0	1
	Bermuda	44	0	0	44
	Brazil	8	0	0	8
	Cayman Islands	29	0	0	29
	Mexico	1	0	0	1
	Panama	2	0	0	2

	Puerto Rico	4	0	0	4
	Virgin Islands (British)	3	0	0	3
MENA		14	0	0	14
	Israel	14	0	0	14
Oceania		34	0	0	34
	Australia	22	0	0	22
	Marshall Islands	12	0	0	12
Unknown Region		1	0	0	1
	Unknown Country	1	0	0	1



GLASS LEWIS

Issuer Relations Policy & Procedures

Updated December 2023

www.glasslewis.com

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Dialogue with Corporate Issuers and Stakeholders

Glass Lewis has a dedicated Issuer Relations team to support Glass Lewis research analysts' interactions with corporate issuers and their representatives. We are proud of the long-standing relationships established globally with issuers and their representatives, including proxy solicitors, consultants, law firms, etc.

We believe discussions with corporate issuers, shareholder proponents and other stakeholders, at the appropriate time, can foster dialogue, enhance mutual understanding, provide transparency regarding Glass Lewis' policies and research methodology, and help promote better disclosure from the listed companies in which our clients invest.

Meetings between corporate issuers and Glass Lewis research analysts allow Glass Lewis to discuss benchmark policies and research methodologies and provide a platform for participants to share their perspectives on governance practices. Glass Lewis also accepts meeting requests from shareholder proponents, dissident shareholders, participants in a "vote no" campaign or M&A transactions, allowing parties to explain their respective positions.

Glass Lewis research analysts do not provide advisory services to corporate issuers or other stakeholders. Our research is based on publicly available information. We encourage public disclosure of material information relevant to our analysis and will not consider any information in our research that is not publicly available to all shareholders. Our approach to proxy research ensures that shareholders have access to all relevant information and can make informed voting decisions while minimizing potential conflicts of interest.

For the purposes of these policies and procedures, references to Glass Lewis shall include, as applicable: Glass, Lewis & Co., LLC; Glass Lewis Europe Limited; IVOX Glass Lewis GmbH; GL & M UK Limited; CGI Glass Lewis Pty Ltd.; Glass Lewis Japan GK; and Proxinvest SAS.

Meetings with Glass Lewis Research Analysts

How to connect with us

Within this document, we detail how corporate issuers and their representatives can request calls with Glass Lewis and its subsidiaries, IVOX and Proxinvest. Given that Glass Lewis receives a high volume of meeting requests, we are not always able to accommodate each engagement request. If we are not able to accommodate an engagement request, this document provides details of alternative ways for corporate issuers and other stakeholders to connect with Glass Lewis.

Meetings with Research Analysts

Glass Lewis values meetings with corporate issuers and other relevant stakeholders to understand their governance practices and to foster meaningful dialogue about our benchmark policies, research approach, and corporate services.

We maintain our independence by not providing previews of our recommendations and by making no guarantees about the concerns we might raise in our research. We also do not review or comment on draft versions of proposed proxy materials.

When meeting with corporate issuers, we typically speak with individuals responsible for the oversight or disclosure of governance, compensation, and/or environmental and social related disclosures, such as company secretaries, investor relations professionals or non-executive directors, rather than executive team members. We reserve the right to decline meeting requests if we believe they would not be productive or appropriate given the subject matter.

Glass Lewis proxy research and recommendations are solely based on the publicly available information accessible to all shareholders. Research analysts avoid off-the-record discussions with corporate issuers to maintain the independence of our proxy advice and to prevent the receipt of information, including material non-public information, not widely available to shareholders. Before meeting with Glass Lewis, corporate issuers representatives must agree, among other things, to not share any non-public information, material or otherwise, with Glass Lewis research analysts as part of a meeting or other communications.

Glass Lewis research is conducted through companies' regulatory filings, information found on company or shareholder proponent websites, and credible news sources. As part of our commitment to independence, we do not consider or accept off-the-record clarifications or assurances in formulating our analysis or recommendations.

Meeting Exclusion Periods

During each markets' proxy season when timely research for our institutional investor clients is top priority, Glass Lewis' research analysts are not available for general meetings related to governance, compensation, or ESG-related policies or issues. In East Asia, Europe, and North America, we do not generally conduct meetings related to uncontested shareholder meetings between March and July; in Australia, meetings are not held from September through November.

Moreover, Glass Lewis does not typically engage with corporate issuers or shareholder proponents regarding issues up for a vote during the "solicitation period", which spans from the release of the company's notice of meeting (NOM, Circular, BALO) to the date of the shareholder meeting, inclusively. This solicitation period is relevant to annual general meetings (AGMs) and special meetings (EGMs). Meeting requests may only be considered during this time where the request relates to a 'Special Situation' as defined below and as outlined in Glass Lewis' [Policies and Procedures for Managing and Disclosing Conflicts of Interest](#).

During the proxy season but outside the solicitation period, Glass Lewis may accept meeting requests with stakeholders under the following circumstances:

1. When a shareholder has submitted a proposal to an upcoming annual or special meeting, or publicly committed to a Withhold or "Vote No" campaign (see "Shareholder Proponents" section below).
 - Only in extraordinary circumstances, Glass Lewis may accept a meeting with shareholder proponents or parties engaged in a "Vote No" campaign *during the solicitation period* if additional clarifications are crucial for our analysis. In such cases, we will endeavour to offer any opposing party an opportunity to present its views too.
2. In limited cases, at the sole discretion of a Glass Lewis Research Analyst, where an extraordinary and/or high-profile issue requires additional context.

Glass Lewis M&A research analysts will consider meeting requests with relevant stakeholders **during the solicitation period and/or proxy season** related to M&A transactions, contested proposals, or other special situations.

Additionally, Glass Lewis, through the Issuer Relations team, may contact a corporate issuer or shareholder proponent **via email** during the proxy season and/or the solicitation period for clarification on factual matters in their public disclosure, without requiring a formal meeting.

Availability for Meetings

Outside the solicitation period and each market's proxy season, corporate issuers and their representatives, shareholder proponents and other interested parties may request a meeting with Glass Lewis research analysts ("inbound requests"). Glass Lewis may also, at times, actively reach out to corporate issuers for meetings ("outbound campaigns").

Due to the volume of interest in meetings with Glass Lewis research analysts, we are unable to facilitate all meeting requests. To help us prioritize inbound requests, interested parties should clearly outline the topics they wish to discuss, provide details of the intended meeting participants, and specify their availability for a meeting. Research analysts, via Glass Lewis' Issuer Relations team, may decline or request revised agendas if detailed information is not provided at the time of the meeting request.

Glass Lewis prioritizes meetings in the following scenarios:

- Where material concerns were identified relevant to our research for institutional investor clients.
- Where more understanding is sought of a particular company, situation, or industry practice.
- Where companies have not previously or not recently engaged with us.

Requests that do not meet these criteria will be reviewed first-come-first-served, considering the proposed agenda and the availability of our research analysts.

Meeting requests should be sent using the appropriate form:

- Uncontested meetings: <https://grow.glasslewis.com/engagement-meeting-request>
- E&S Activism or shareholder proposals: <https://grow.glasslewis.com/shp-engagement-meeting-request>
- M&A, contested, or special situations: <https://grow.glasslewis.com/ma-engagement-meeting-request>
- Proxinvest Glass Lewis: <https://grow.glasslewis.com/fr/proxinvest-issuer-relations>
- IVOX Glass Lewis: <https://grow.glasslewis.com/de/ivoxglasslewis-issuer-relations>

Proxinvest Glass Lewis: Le dialogue avec les émetteurs

Le dialogue de Proxinvest avec les émetteurs s'aligne sur la politique et les procédures de Glass Lewis en matière de relations avec les émetteurs. Les réunions d'engagement avec les analystes de Proxinvest sont distinctes des réunions avec l'équipe de recherche de Glass Lewis. Les analystes de Proxinvest ne peuvent pas commenter ou fournir des informations sur les politiques de référence de Glass Lewis, et les analystes de Glass Lewis ne peuvent pas non plus commenter ou fournir des informations sur la politique de Proxinvest. Le cas échéant,



nous encourageons les émetteurs à organiser une réunion avec chaque entité afin de comprendre les deux points de vue et leurs différentes approches.

En savoir plus: <https://grow.glasslewis.com/fr/proxinvest-issuer-relations>

IVOX Glass Lewis: Der dialog mit den emittenten

Der Dialog von IVOX Glass Lewis mit Emittenten entspricht den Konditionen von Glass Lewis für Engagement mit Emittenten. Die Gespräche mit den IVOX-Analysten finden getrennt von den Gesprächen mit dem Research-Team von Glass Lewis statt. Die Analysten von IVOX können die Benchmark-Richtlinien von Glass Lewis nicht kommentieren oder Informationen darüber bereitstellen, und auch die Analysten von Glass Lewis können die Richtlinien von IVOX nicht kommentieren oder Informationen dazu bereitstellen. Wir empfehlen den Emittenten, ein Treffen mit beiden Unternehmen zu vereinbaren, um beide Perspektiven und ihre unterschiedlichen Ansätze zu verstehen.

Erfahren Sie mehr: <https://grow.glasslewis.com/de/ivoxglasslewis-issuer-relations>

Shareholder Proponents

Shareholders who have submitted a proposal to an upcoming annual or special meeting, and companies subject to a shareholder proposal, are encouraged to inform Glass Lewis of their submission and may request a meeting with our research analysts through our public website.

Glass Lewis will consider meeting requests after shareholder proponents have submitted their proposals to companies and before the corporate issuer files its proxy statement. Due to the limited period for engagement, Glass Lewis will allow meeting requests during proxy season, **if the engagement falls outside the solicitation period**. Apart from this consideration, Glass Lewis applies the same standards and policies as it does for all meetings with its research analysts.

To request a meeting related to shareholder proposals, please use this form: <https://grow.glasslewis.com/shp-engagement-meeting-request>

Transparency of Meetings

Glass Lewis is committed to providing transparency in its meetings with corporate issuers. Glass Lewis' policy is to disclose key details of each engagement meeting in the relevant Glass Lewis Proxy Paper research report, typically the Glass Lewis report for the subsequent shareholder meeting. These details include the details of the organizing and engaging parties, the date of the meeting, and a general description of the topics discussed.

For IVOX Glass Lewis research reports, IVOX Glass Lewis will disclose the date of the meeting, the meeting method (telephonic/in-person), and a general description of topics discussed.

For Proxinvest Glass Lewis research reports, Proxinvest Glass Lewis will disclose: (i) if any Participant(s) either attended or did not attend the presentation of Proxinvest Glass Lewis' voting policy at Middelnext and/or AFEP; and (ii) if any Participant(s) requested an engagement meeting with a research analyst from Proxinvest, prior to the Participant's annual general meeting. If an engagement meeting took place, the date of such engagement meeting will also be disclosed.

Meeting Requests During the Solicitation Period or Proxy Season

As outlined above, Glass Lewis does not generally hold meetings with corporate issuers, shareholder proponents or other interested parties during the solicitation period or proxy season. However, there are certain circumstances in which we may accept meeting requests, as outlined below.

M&A Transactions, Contests and Other Special Situations

For certain types of non-routine transactions or situations which often develop on short notice, Glass Lewis research analysts may accept meeting requests during the solicitation period. These situations include special meetings or proposals related to M&A, restructuring or financing transactions, board proxy contests, contested merger proposals as well as Withhold or “Vote No” campaigns.

During such engagements, Glass Lewis seeks to better understand each party’s position based on publicly available documents regarding the proposals which enhance our Proxy Paper research for our institutional investor clients. As ever, Glass Lewis relies solely on publicly available information for its analysis and recommendations and does not accept or acknowledge material non-public information.

For contested elections or transactions, Glass Lewis will review all publicly released materials to conduct our ultimate analysis and accompanying recommendations.

When meeting with a corporate issuer or shareholder about an active or contested situation, Glass Lewis also offers opposing parties a similar opportunity to present their views. Glass Lewis will not generally consider meeting requests with a public company or shareholder to discuss a specific campaign or contested proposal prior to a public filing. However, Glass Lewis’ M&A team may accept meeting requests from corporate issuers and shareholders outside a solicitation period to discuss general policies and procedures related to transactions and contested situations.

Where Glass Lewis believes a meeting would enhance its research on a transaction, contest, or special situation, we will look to schedule calls two-four weeks before the shareholder meeting. In contested situations with multiple parties, we aim to conduct all necessary engagements within the same period; however, the fluid nature of these types of situations may require follow-up calls with the relevant parties prior to the publication of our Proxy Paper.

To request a meeting related to M&A, contested proposals, or other special situations, please use this form: <https://grow.glasslewis.com/ma-engagement-meeting-request>

Proxy Talks

Glass Lewis Proxy Talks are designed for corporate governance-related special situations, in which investors must ultimately take a side in voting for or against. Proxy Talks enable each side in a proxy contest, contentious shareholder proposal or proposed M&A transaction, to present their case across the global institutional investor community. The format for these event-driven Proxy Talks is an easy to access webinar discussion, organized and moderated by Glass Lewis with activist firms and targeted corporate issuers presenting their respective

cases. Corporate issuers or shareholder proponents interested in participating in a Glass Lewis Proxy Talk, should contact us at engage@glasslewis.com

Glass Lewis' Benchmark Policy Guidelines

Glass Lewis' benchmark policy guidelines are publicly available on our [website](#). While Glass Lewis applies global general principles such as promoting director accountability, aligning remuneration and performance, and protecting shareholder rights, we tailor our approach to each country's relevant regulations, practices, corporate governance codes, and stewardship codes. Glass Lewis guidelines are continually assessed and updated at least annually in response to local regulatory and best practice developments, which we closely monitor.

To formulate our policies, Glass Lewis engages in extensive discussions with a diverse range of market participants, including investors, public companies, corporate issuer organizations, academics, and subject matter experts, among others. In 2023, Glass Lewis [launched its inaugural policy survey](#), inviting all Glass Lewis clients – investor and corporate issuers – to participate. Outside of this, Glass Lewis actively participates in panels, working groups, and industry conferences allowing us to stay current with industry developments. We also welcome feedback on our policies throughout the year through a dedicated mechanism on our public website: <https://www.glasslewis.com/voting-policies-current/>

While Glass Lewis research analysts are prepared to answer questions about our general approach and outlined policies, they will not provide a comprehensive assessment or preview of concerns that might be raised about a particular company's practices. Glass Lewis research is independent, based on publicly available information; our analysis and recommendations are formed only after reviewing public disclosures. Outside of our Proxy Papers, Glass Lewis analysts will not make any representations or promises regarding Glass Lewis' assessment of compliance with our benchmark policy guidelines.

Additional Communication Channels

Glass Lewis offers alternative ways to connect with our research analysts, outside of formal meetings which are permitted throughout the year, during the solicitation period and/or proxy season.

Glass Lewis' Issuer Relations team will manage communications between Glass Lewis research analysts and corporate issuers and their representatives, or shareholders who submit requests via these alternative methods. In cases where requests are made via email, the Issuer Relations team will provide the appropriate form(s) required to adequately log and process the request.

Policy-Related Questions for Research

In the absence of a formal engagement meeting, Glass Lewis research analysts are open to answering questions related to market-specific policy guidelines. Questions may be sent [via our online form](#). Outside of the applicable market's proxy season period, our analysts aim to respond within three business days via Glass Lewis'

Issuer Relations team. During the applicable market's proxy season, Glass Lewis will review and respond as soon as possible, based on the urgency determined by our research analysts.

Responses will aim to provide clarity on Glass Lewis' approach and specific related benchmark policies. However, please note that Glass Lewis will not provide any previews or guarantees related to future analysis or voting recommendations. Glass Lewis research is based on publicly available information and all meeting proposals are reviewed on a case-by-case basis.

Shareholder Communications

Glass Lewis welcomes shareholder communications, letters, presentations, documents and filings from corporate issuers, their representatives, and shareholders. This includes additional public disclosures made during the solicitation period.

Where supplemental filings have been made after the publication of our Proxy Paper research, Glass Lewis will assess the information to see if such additional public disclosure is materially relevant for clients. If there is sufficient time before our clients' voting deadlines, our research analysts may republish their report with the latest information. Any changes to Glass Lewis' recommendations due to additional disclosure will be clearly highlighted in our Proxy Paper.

To send remuneration letters, investor slide decks, annual updates, shareholder communications or filings please use this form: <https://grow.glasslewis.com/pubco-shareholder-communications>

Issuer Data Report ("IDR")

The Issuer Data Report (IDR) program was launched in 2015 and enables corporate issuers to review key data points that Glass Lewis uses in its analysis before the publication of our final Proxy Paper. The IDR does not contain our analysis or voting recommendations; however, the data points include critical governance, compensation, and ESG inputs for our research. Companies registered for the IDR can confirm their company data is accurately reflected based on public disclosure available to shareholders.

Eligibility: Corporate issuers can take part in the IDR program if their primary listing is in [one of the markets covered](#) by the program.

Registration: Eligible companies must register at least 30 days before the annual meeting. Registration can be completed [on the Glass Lewis website](#). Once registered, the company will be opted-in for every year thereafter unless they choose to opt-out. A company's registration in the IDR program will be noted on the front page of our Proxy Paper.

Disclosure Deadline: The IDR is only guaranteed for registered companies where all relevant meeting disclosures are publicly available at least 30 days before the annual general meeting date. Where companies do not disclose their meeting materials by the deadline, Glass Lewis research team reserves the right to defer the company's participation to next year's program.

Data Review Timeline: Participating companies receive an email with their data report and instructions for providing feedback three to four weeks before their shareholder meeting. Companies have two business days from the time the IDR is sent to review the data and provide suggested updates, pointing to any public documentation which supports noted corrections. The deadline is strictly administered to ensure Glass Lewis

sufficiently meets their publishing deadlines. Where no feedback has been received within the review period, Glass Lewis reserves the right to proceed with its publishing deadlines.

Feedback Review: Feedback provided by companies is reviewed by Glass Lewis research analysts. They assess the suggested updates and make relevant updates, providing a high-level response to the company based on their feedback and changes made.

Reporting Errors and Proxy Paper Feedback to Glass Lewis

Glass Lewis values having timely and accurate research available for our clients. We have a process in place to address any errors or omissions in our Proxy Papers. If companies and their representatives, shareholder proponents, or other interested parties believe there is an error or omission in our Proxy Paper report, this should be notified to Glass Lewis for appropriate review.

Proxy Paper feedback should be reported [through the Glass Lewis website](#).

When submitting errors or feedback, we request the following information:

- Details on the issue, including meeting date, proposal number and title, page number in the Proxy Paper and the full sentence in which the discrepancy appears.
- Precise information as to where within a company's public disclosure we can find and verify the correct information to review and revise our Proxy Paper. Glass Lewis bases its analysis strictly on publicly available information.

When Glass Lewis receives feedback, the details are reviewed within 48 hours. If there is a reasonable likelihood the Proxy Paper will require revision, we take steps to limit its availability on our voting platform pending the report's possible revision and reissuance.

If a Proxy Paper is updated to reflect new disclosure or the correction of an error, Glass Lewis will notify all clients who accessed the Proxy Paper or who have ballots in the system for the meeting tied to that report, regardless of whether the update or revision affected Glass Lewis and/or clients' custom recommendations.

Report Feedback Statement ("RFS")

The Report Feedback Statement (RFS) allows the subjects of our research, whether corporate issuers, shareholder proponents, dissident shareholders, or parties to an M&A transaction, to directly express their differences, agreements and unfiltered opinions on Glass Lewis' research and recommendations.

When purchasing Glass Lewis' research as a corporate issuer, shareholder proponent, dissident shareholder, or party to an M&A transaction, such as through a subscription to our [Governance Hub platform](#), the RFS is included in the cost of the research. Institutional investors and intermediaries interested in submitting an RFS must purchase the underlying report for an added fee, separate from their research-only or Viewpoint subscription. You can request to purchase your Proxy Paper report with the RFS by emailing engage@glasslewis.com.

RFSs are attached to the relevant research report (i.e., "Proxy Paper"), republished and redistributed to Glass Lewis clients through our research and voting platforms. Clients are also notified immediately by email when an



RFS is available and can access the RFS directly from the front page of each Proxy Paper to quickly inform their vote decisions.

Once a Proxy Paper includes an RFS, it is the only version of Proxy Paper research available from Glass Lewis, with prior versions removed from distribution.

For more information related to submitting an RFS, please [visit our website](#).

Glass Lewis Stewardship Solutions: Active Stewardship Engagement

Glass Lewis offers institutional investors engagement services through its Stewardship Solutions.

Engagements managed by the Stewardship team are different from meetings with Glass Lewis research analysts.

The Glass Lewis Stewardship team will actively reach out to corporate issuers based on agreed priorities with institutional clients. [See our website for more information](#).

Further Information

Additional information related to Glass Lewis Issuer Relations can be found [in our FAQs](#).

If you wish to contact us about our Issuer Relations policy and procedures or any other related matters, please email engage@glasslewis.com

Connect with Glass Lewis

Corporate Website | www.glasslewis.com

Email | engage@glasslewis.com

Social | [!\[\]\(defd98d3fd3df6e20ba8f38b2b47019f_img.jpg\) @glasslewis](https://twitter.com/glasslewis) [!\[\]\(24da2210d61c74f51712829604aaa292_img.jpg\) Glass, Lewis & Co.](https://www.linkedin.com/company/glasslewis)

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