Sustainability and Climate Risk Policy Statement

Los Angeles Capital Management LLC's ("Los Angeles Capital" or the "Firm") Sustainability Risk Policy Statement is intended to address how "sustainability risks" and "principal adverse impacts" are considered in the Firm's investment and risk monitoring process. The Firm has dedicated particular attention to climate-related risks and the impacts of climate factors on investment returns. This policy statement also outlines how the Firm addresses sustainability factors as required by regulatory authorities such as the EU's sustainability disclosures for the financial services sector or "SFDR."

Los Angeles Capital's investment philosophy is rooted in the belief that markets are dynamic and Investor Preferences for stock characteristics continuously evolve. The Firm's investment technology is adaptive and well-suited to capture insights into how non-traditional financial metrics related to sustainability influence a stock's expected return.

The Firm employs various sustainability considerations across all mandates and believes that incorporating ESG data into its Dynamic Alpha Stock Selection Model® ("Model"), as part of a multi-factor framework, has the potential to improve forward-looking expected returns and manage risks over short, medium and long time horizons. The Firm believes that companies with improving governance characteristics will outperform over time, and that the management of a company's human capital and natural resources plays an important role in creating long-term shareholder value. The Firm further believes that poor management of sustainability issues, specifically those related to transition and physical risks associated with climate change, are financial risks and thus employs specific monitoring tools to analyze investment risks through an ESG and climate-focused lens.

1. Identify Sustainability Risks

The Firm utilizes quantitative techniques to identify sustainability risks that we believe are priced in the market. The Firm's factor work incorporates a variety of ESG metrics including Governance/Management Quality measures, explicit ESG/sustainability factors, dynamic peer group assessments utilizing machine-learning techniques to capture the impact of ESG themes and investor preferences for companies with stronger ESG management, and valuation adjustments for significant ESG events. The Firm also uses quantitative techniques to aggregate various data sources on sustainability issues and employs proprietary technology to garner insights into an issuer's activities. It is a priority of the Firm's research agenda to expand the breadth and quality of ESG data in the Firm's quantitative modeling and broader investment process. The Firm continues to expand data inputs and modeling related to climate to capture the accelerating investor preference for sustainability.

The Firm's multi-factor ESG Model, incorporates the Sustainability Accounting Standards Board's ("SASB") framework to emphasize the financially material key issues most relevant within each sub-industry, and therefore most likely to impact the company's financial performance or condition over the long term. This ESG Model incorporates proprietary modeling of sustainability and climate-specific issues, such as carbon emissions, and is intended to capture long-term value creation prospects through the lens of sustainability. This ESG Model is applied across all mandates for risk monitoring but is elevated in the stock selection process for ESG strategy mandates with a focus on sustainability. ESG information is used to inform the investment process for all client portfolios to improve their return and risk profile. Please see the appendix for further considerations regarding the identification of sustainability risks.

2. Measurement

The Firm's investment process is structured to identify today's drivers of return and contribution to risk. The Firm's factor work indicates that investors are pricing sustainability risks and as a result, it is becoming increasingly important to measure these drivers of return in the investment process. The Firm believes that ESG and climate considerations are important aspects of a comprehensive risk management approach and therefore utilizes additional tools to broaden our insights. In addition to risk contribution reports the Firm has identified the following "Sustainability Monitoring Tools" to assess sustainability risks and principal adverse impacts of investment decisions.

- Performance Attribution – to consider the positive or negative impact of sustainability posture on portfolio performance relative to the benchmark.
- ESG Analysis – ESG profile, including absolute and relative ESG score based on proprietary ESG Model. Breakdown of E, S and G risk exposure in aggregate, exposure to ESG laggards.
- ESG Controversies related to governance, environmental or social/employee matters.
- Portfolio Carbon Footprint – Total Emissions, Carbon Intensity, and sector and security level attribution of emissions.
- Scenario Testing – The Firm analyzes Transition and Physical risks, as well as the opportunities associated with climate change under various warming scenarios.
- Allocation to Green and Brown Revenue sources.
- Diversity Analysis
- Exposure to controversial weapons

While the Firm considers the principal adverse impacts of its investment decisions on sustainability factors and risks, the indicators will be expanded over time to address regulatory considerations and research findings including those outlined by the SFDR.

3. Risk Management

Los Angeles Capital systematically incorporates sustainability considerations in the investment process in the following ways:

- Proprietary risk modeling approach considers the sustainability factors directly embedded in the Firm's Model.
- Statistical factors that identify relevant risks not captured by traditional factors, which may at times include sustainability related factors.
- Monitoring of ESG Controversies related to governance, environmental or social/employee matters.
- Upon client direction, the Firm is able to employ portfolio construction approaches intended to improve a portfolio's sustainability profile and directly address sustainability-related risks.
  - Sustainability-focused ESG strategy mandates that elevate the Firm's ESG Model to the objective function
  - Low Carbon optimization techniques
  - Considerations for forward-looking Transition and Physical Risk associated with climate change
  - Mitigation of climate related risks through allocations to climate solution companies
  - Investment exclusions or divestment based on sustainability criteria

Certain ESG strategy mandates elevate the importance of sustainability risks in the portfolio construction process and their risks are monitored through the Sustainability Monitoring Tools described above. For these strategies that promote sustainability and/or consider sustainability as part of the account objective, the consideration of certain principle adverse impacts of investment decisions is incorporated at the time of purchase.

The Firm continues to expand its modeling of climate opportunities in order to identify alpha opportunities and reduce future climate-related risks. Since 2018, the Firm's analysis of scenario testing has highlighted the importance of investing in solutions in order to lower the potential warming trajectory of a portfolio. In addition to a purely exclusionary approach, the Firm embraces the view that investment in climate opportunities is an important element of managing and mitigating climate-related risks.

4. Governance, Accountability and Transparency

The Firm takes a holistic approach to Responsible Investing in order to fully integrate ESG in the investment process. Los Angeles Capital Management has established a Responsible Investment Solutions Group ("RISG") to manage responsible investment activities within the organization. The Group's objective is to develop, oversee and promote ESG integration, keep abreast of the political and economic landscape with regard to sustainability, and to educate both internal staff and other investors on the subject. The RISG reports to the Board who believes the consideration of key ESG and climate-related factors are integral to the Firm's core business strategy given both the fiduciary responsibility to consider uncompensated risks and given the Firm's core investment philosophy to build adaptive and forward-looking portfolios that capture shifting investor preferences.

The RISG consists of members across the Firm's Investment Committee, Portfolio Management, Research, Legal and Relationship Management teams and is chaired by the Director of Portfolio Strategy and Responsible Investing, who is also a Senior Portfolio Manager and member of the Investment Committee. Additionally, senior research team members, including the Co-Director of Research, are members of the RISG highlighting the Firm's integrated ESG approach. The ESG Research team typically meets on a weekly basis to collaborate on ideas and ensure that the Firm is making progress on the dedicated ESG Research goals. The Firm's CIO is an active participant in ESG Research meetings and plays an integral role in driving the Firm's ESG research agenda.

The Firm's Investment Committee approves all enhancements to the Firm's quantitative Model and ESG projects are managed by the Research Directors and Chief Investment Officer with guidance from Portfolio Managers and the RISG. The broad representation from different functional areas of the Firm brings diverse perspectives and fosters the robust integration of ESG in the investment process. Additionally, the Firm's CEO and CIO are part of the Portfolio Management team and are actively involved in ESG issues and discussions both internally and externally. The RISG team generally meets monthly to review and continue the development of various aspects of the Firm's responsible investing initiatives.

5. Monitoring

ESG and climate reporting is available to the Firm's investment professionals via the Firm's analytics platform. Granular ESG data is widely available to investment personnel at the individual stock and aggregate portfolio level. Higher-level summary reports are automated to provide more formal oversight of the sustainability profile of a portfolio. Specified ESG or climate criteria agreed upon by Los Angeles Capital and the client are hard-coded into the Firm's portfolio construction and, where possible, its pre-trade compliance system to ensure on-going monitoring.

The RISG serves an important role in the monitoring process and provides important feedback and review of ESG issues to the Board, Investment Committee, Portfolio Managers and broader Research team. ESG or climate-focused strategies are reviewed by investment professionals and members of the RISG on a periodic basis. The RISG formally reports to the Board on an annual basis to propose additional metrics to monitor sustainability risks and principal adverse impacts.

Appendix

The Firm considers sustainability risks from a number of perspectives including those outlined below. ESG factor modeling continues to evolve over time with enhancements that are part of the Firm’s on-going research and investment management process.

Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the portfolio may have exposure. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental risks include but are not limited to climate change, natural resources, pollution and waste.

Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which a portfolio may invest or otherwise have exposure. Social risks also relate to a business’s vulnerability to, and its ability to take advantage of, broader social “megatrends”. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. Social risks include but are not limited to internal social factors, external social factors and social “megatrends”.

Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies in which a portfolio may invest or otherwise have exposure. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. These risks include but are not limited to a lack of diversity at board or governing body level, inadequate external or internal audit functions, infringement or curtailment of rights of minority shareholders, bribery and corruption, lack of scrutiny of executive pay, poor safeguards of personal data/IT security of employees and/or customers, absence of appropriate and effective safeguards for employment related risks.