Edgewood Management LLC
ESG Integration Policy

Introduction
Edgewood has developed this policy for clients, prospective clients, employees and other stakeholders so they may better understand how Edgewood integrates ESG factors into the investment process as well as its corporate strategy. ESG refers to environmental, social and governance considerations that may impact a company's long-term value creation. Edgewood's ESG Committee is composed of members of Edgewood's investment team and legal and compliance department and is dedicated to identifying and analyzing ESG and sustainability risks and integrating that information into the investment process as well as Edgewood's corporate framework.

Philosophy
What does ESG and Sustainability mean to Edgewood?
Edgewood employs comprehensive and robust analysis to identify what it deems to be the highest quality growth companies. Edgewood integrates ESG risk factors in its fundamental analysis of a company's potential long-term value creation. Edgewood's approach is considered ESG Integration. According to the CFA Institute, ESG Integration refers to systematic and explicit inclusion of ESG risks and opportunities in investment analysis.[1] By applying this integration approach, Edgewood assesses ESG factors relative to potential financial impact.

The assessment of a company's governance is a core component of Edgewood's fundamental analysis. Edgewood believes sound corporate governance, the 'G', is the foundation upon which all else is built. It is the mechanism through which Edgewood, as minority shareholders, can ensure interests are aligned between fellow shareholders, management and other stakeholders of a company. When assessing corporate governance, Edgewood will consider shareholder rights, management transparency, audit and accounting, board oversight, executive compensation including stock-based compensation, and the risk management framework.

Edgewood believes boards of public companies should be effectively administered, provide sufficient disclosure, and consider long-term implications of its decision-making. If the Investment Committee deems a board to be weak, its strategic plan to be ambiguous or its decisions to be poorly conceived, the company would not be included the Investment Committee's universe, even if the financial returns look attractive at first glance. Any company whose propriety is called into question and gives the Investment Committee undue cause for concern is unlikely to make it through the due diligence process.

A corporate focus on relevant environmental and social risks to a more sustainable business model can therefore be viewed as a subset of effective corporate governance. Edgewood considers environmental and social considerations to the extent they may impact long-term financial performance. For instance, how companies manage environmental concerns as well as their social and human capital could materially impact a company's future earnings.. A well-

[1] https://www.cfainstitute.org/-/media/documents/survey/esg-integration-in-the-americas.pdf

constructed approach to sustainability can be one of the strongest indicators of effective long-term governance for a given company. When Edgewood identifies material environmental and social risks that may impact long-term financial performance and long-term growth, the Investment Committee analyzes whether the company has a strategy in place to manage the risks and whether that strategy is suitably ambitious in scope. Edgewood also seeks to learn how clear and effective the company's policy is around the risks and whether the company discloses its approach in sufficient detail. Members of the ESG Committee meet with management teams of portfolio companies to learn how portfolio companies respond strategically to the changing sustainability risk factors.

Why is ESG important to Edgewood?
Edgewood believes systematically considering ESG issues will likely lead to more complete investment analysis and better-informed investment decisions. While ESG factors are typically non-financial, how a company manages them undoubtedly has measurable financial consequences. As a long-term investor, Edgewood focuses on value creation and integrating ESG factors in its analysis identifies risks that might impact the value of the portfolio investments over longer term.

Edgewood's consideration of ESG issues is a complement to, not a substitute for, its traditional fundamental analysis that has been shaped over its years of investment experience as a team. Edgewood utilizes a multi-factor, fundamental investment process designed to identify opportunities not fully reflected in market valuations. The Investment Committee spends time studying the industry, industry participants, and the drivers of revenue and expenses. The Investment Committee visits every company that Edgewood invests in and spends time with management teams, customers, suppliers and competitors to understand the business and how it fits in the industry. This approach leads Edgewood to invest in companies the Investment Committee believes have the right teams and products or services to generate long-term, sustainable earnings. In this case, Edgewood uses the term sustainable to refer to earnings potential at a certain level over time.

Over the long-term, a proactive approach to ESG management may enable a company to drive innovation, relate better to its customers and partners, identify risks and opportunities, increase operating costs efficiencies, improve market access, and attract the best talent. Understanding ESG risk factors may therefore result in high quality return on capital and allow for compounding growth stories. For example, Edgewood may invest in brand-owning consumer franchises which are finding themselves increasingly under the spotlight of consumers whose purchasing decisions are being framed by environmental and social considerations. Approaching ESG correctly is becoming as much of an opportunity for portfolio companies as ignoring it is a threat.

Does Edgewood practice negative exclusions by sector?

Over the years, the Investment Committee has developed a universe of predominantly large cap growth companies that meet Edgewood's core investment objective – to invest in companies distinguished by their financial strength, levels of profitability, strong management teams and the potential to deliver long-term earnings power. Edgewood's "working list" of securities is determined through a focus on companies with strong cash generation capabilities, consistent earnings power, superior revenue growth, return on equity, low debt, solid business models, good unit volume growth, recurring revenues, and fee-based businesses. Through this process the Investment Committee has typically excluded companies that derive significant revenue from producing alcohol. For the Large Cap Growth portfolio, Edgewood will not invest in companies where a significant amount of revenues are derived from manufacturing tobacco products, producing pornography, or operating gambling establishments[2] and will not invest in companies

[2] Edgewood applies an up to 5% revenue threshold for screening purposes.

that manufacture cluster munitions and landmines. Edgewood will not invest in companies that derive more than 25% of revenues from the production of energy generated by coal. Edgewood leverages a third party service provider's screening services to monitor this screening criteria.

Does Edgewood use ESG ratings?

Edgewood does not make investment decisions based solely on ESG criteria, however, Edgewood's success depends on identifying and properly evaluating investment risks, including ESG risks. Edgewood integrates ESG risk factors by incorporating material, non-financial factors into its portfolio construction process to reduce risk and enhance return. For example, if ESG factors pose additional risk to a company's future cash flow, Edgewood's Investment Committee may assign the company a higher discount rate to offset that risk or account for the risk to future cash flows. Edgewood's Investment Committee produces in-depth research reports for Edgewood portfolio holdings and potential portfolio holdings. These reports take advantage of the Investment Committee's insights across sectors and access to industry experts to cover the full breadth of Edgewood's relatively narrow investment universe. Analysis of sustainability issues is captured in these reports and when the Investment Committee deems it appropriate, Edgewood quantitatively factors ESG risks into its financial models.

Edgewood has engaged a third party servicer provider to assist with the identification and analysis of ESG risks on an individual security level and applies an ESG modifier to its valuation model as reflected below.

Risk Rating 0-19.99	Low ESG Risk	0 – No adjustment
Risk Rating 20-29.99	Medium ESG Risk	50 bps adjustment
Risk Rating 30+	High ESG Risk	100 bps adjustment

Edgewood compares the portfolio's ESG risk rating against the S&P 500 Total Return Index's ESG risk rating as assessed by an independent third party ESG risk rating service provider.

Proxy Voting

ESG factors may impact how Edgewood votes proxies. Edgewood votes in accordance with its Proxy Voting Guidelines as defined by the Investment Committee and reviewed annually in conjunction with the Proxy Voting Officer. As a fundamental investor investing in companies that it believes in, it follows that Edgewood would naturally be inclined to vote in support of management. However, Edgewood's Investment Committee will review ESG-related proposals on a case-by-case basis and in cases where the Investment Committee determines there to be a governance, environmental or social concern, the Investment Committee may instruct the Proxy Voting Officer to vote against management. In certain cases where Edgewood has voted against management on material governance-related proposals, the Investment Committee has subsequently divested from the security.

Principles for Responsible Investing

Edgewood is a signatory to the United Nations-supported Principles for Responsible Investment (PRI). The PRI is an international global network of asset managers, owners, and service providers. The voluntary principles provide a framework for integrating environment, social, and governance considerations into investment decision-making and ownership practices. Edgewood's implementation of the six principles includes:

Principle 1: Edgewood incorporates ESG risk factors into investment analysis and decision-making processes by maintaining a dynamic ESG Integration policy, integrating ESG risk factors into its proprietary valuation model and utilizing external ESG resources to identify ESG risks impacting potential investment decisions. Additionally, members of Edgewood's ESG Committee attend ESG-related conferences and webinars.

Principle 2: As long-term investors, Edgewood sees it as its duty to engage with portfolio companies on all issues in which the Investment Committee believes could be a risk to long-term value creation. Edgewood's investment strategy and investment experience provide the Investment Committee with a privileged vantage point from which to conduct this. Edgewood views its engagement style as "constructivist." Edgewood is not an activist manager and does not invest in companies with the intention of pursuing a dramatic overhaul of corporate management or strategy. Edgewood incorporates ESG issues into its ownership policies and practices by participating in annual governance calls with a majority of portfolio companies, meeting with management teams and investor relations of all portfolio companies, and voting proxies in accordance with its Proxy Voting Guidelines rather than outsourcing its proxy voting capabilities. During governance calls, members of Edgewood's legal and compliance department review governance framework including risk management including ESG-related risks and upcoming proxies. Furthermore, Edgewood's Investment Committee meets with management teams to discuss a broad range of issues including ESG risk factors. Edgewood uses these conversations as important tools to help steer proactive efforts, prioritizing issues where the Investment Committee sees a particular company underperforming against expectations. In voting proxies, Edgewood favors suitably skilled and sufficiently independent boards of directors, sensible and long-term oriented remuneration policies, disciplined capital allocation, and a strong corporate culture and citizenship. Edgewood takes into consideration the following principal adverse impact indicators: greenhouse gas emissions, exposure to controversial weapons, water usage and recycling, lack of grievance/ complaints handling mechanisms related to employee matters, and lack of anti-corruption and anti-bribery policies.

Principle 3: Edgewood seeks disclosure on ESG risk factors from portfolio companies on an annual basis. Edgewood reviews sustainability and governance reports produced by portfolio companies and analyzes reports to ensure portfolio companies are adequately addressing the ESG risks and is supplementing its process by retaining a third party ESG risk rating service provider to identify and analyze ESG risk factors. These include reports on carbon emissions, human capital, cybersecurity and data privacy, and remuneration. The purpose of these, as much as it is to improve understanding of the issue, is to steer and inform discussions with the companies identified as having material exposure to specific risk factors.

Principle 4: Edgewood's long-term investment strategy is ESG integration. Edgewood supports regulatory and policy developments that enable implementation of the Principles and will be prepared to comply with new initiatives as may be applicable.

Principle 5: Edgewood's ESG Integration Policy is dynamic and may be tailored to address relevant issues as they emerge. Edgewood is open to supporting industry organizations and participating in industry conferences to enhance the effectiveness of ESG-related efforts.

Principle 6: Edgewood will disclose to clients how ESG risk factors are integrated within the investment process. Members of the Investment Committee host a quarterly conference call for all clients and will incorporate ESG-related developments into conference calls as may be applicable. For example, whenever a new company is added to the portfolio, Edgewood addresses the material ESG factors the Investment Committee took into consideration during the decision-making process. Edgewood makes available annual proxy voting reports to clients upon request.

Who is responsible for ESG?

Edgewood's ESG Committee and Edgewood's Investment Committee are responsible for Edgewood's ESG Integration Policy. The ESG Committee is composed of members from Edgewood's Investment Committee, investment analyst team, and legal and compliance department. Edgewood's Investment Committee is composed of Edgewood's six Portfolio Managers and is responsible for making all investment decisions for the firm. This approach ensures that those who maintain the closest relationships with the companies are also informed on the key ESG risk factors.

Does Edgewood have a corporate sustainability framework?

Edgewood's corporate responsibility policy aims to identify, analyze, and mitigate the key ESG risks to the firm. Edgewood's strong governance supported by a robust risk management infrastructure is a fundamental component to Edgewood's corporate responsibility policy. Furthermore, Edgewood is working to address social and environmental risks to the firm. Edgewood is working to reduce its carbon footprint by reducing energy usage by various means including reducing the use of single-use plastic, replacing lighting with energy efficient LED lighting, and reducing food waste. Human capital and intellectual property are social risks Edgewood aims to address by retaining the best talent by offering professional development, workplace diversity, equity, and inclusion.

Disclaimer

Edgewood does not market as an ESG investment adviser and the funds for which Edgewood is investment manager do not claim to be ESG funds. This statement should not be construed otherwise. This statement should be read in conjunction with Edgewood's Proxy Voting Guidelines.

(as of 9/20/2023)