

January 8th, 2020

M.D. Sass Environmental, Social and Governance (ESG”) Policy Statement

This ESG policy statement is available on our website (www.mdsass.com). This document is also made available to new clients of the firm and to existing clients on any updates. We recognize we need to take a pragmatic approach in assessing environmental factors, social issues and corporate governance standards, since companies operate under differing conditions and in different markets. This document describes how we assess a company’s environmental, social and governance practices and how this assessment is incorporated into our investment process and reported to clients. It also describes our voting policy and implementation.

M.D. Sass Investors Services, Inc. (“M.D. Sass”) generally pursues socially responsible investments, which includes environmental, social and governance considerations (“ESG”), during the course of M.D. Sass’s due diligence practices and investment processes and in the monitoring of portfolio investments. Understanding and managing sustainability factors is fundamental to a portfolio company’s well-being and mitigates reputational risk, which may have a direct impact on a portfolio company’s business and market position. Further, companies’ management of various ESG issues can have a significant impact on earnings and long-term valuations and consideration of these issues is an integral part of our investment process. Likewise, reporting to clients on our assessment of these issues, engagement with investee companies and our voting decisions are also central to our approach.

OUR FIDUCIARY DUTY

M.D. Sass recognizes that it has a fiduciary duty to act in the best interests of its clients. Part of this responsibility involves ensuring that assets under our stewardship are managed in a way which maximizes shareholder value. Even though M.D. Sass will consider ESG issues when appropriate, the firm will continue to prioritize the maximization of risk-adjusted returns on investments.

ESG APPROACH

Our approach is pragmatic and necessarily flexible given differences between industries in terms of regulation and the individual circumstances of the company involved. Our assessment of the quality of our portfolio holdings in the areas of environmental considerations, social responsibility and corporate governance is embedded in our investment process. In practice, evaluating these responsibilities includes analysis of financial statements, company policies, history of lawsuits and careful consideration of all proposals and resolutions requiring a shareholder vote. We will also seek to engage with board members or senior management on various issues where appropriate.

All these actions are used to make assessments for corporate governance, socially responsible investment and environmental factors which feed into the ultimate investment decision. As our investment process is driven primarily by long-term earnings potential, all our analyses of ESG factors is undertaken with a view to their potential impact on earnings and valuation.

ESG INTEGRATION

We perform extensive fundamental research as part of our investment process. Utilizing rigorous fundamental research our team looks at a wide range of factors, including ESG factors, that we determine are meaningful to the investment opportunity. All members of the research and investment team are involved in the effort of integrating ESG issues into the investment process.

As part of our ongoing analysis of companies, we monitor their performance on ESG factors. The starting point for such monitoring will be statutory financial or other statements. We will also engage directly with management where we feel it is necessary.

Key areas which we monitor include:

Company Information

We expect financial statements, reports and other publications to meet legal and accounting standards and to be timely, transparent, and objective. Such information should enable us to evaluate the performance of management as well as of the company in relation to stated objectives and to understand future strategy. It will also support a consideration of the impact of company performance in the areas of social and environmental responsibility on future sales, margins and valuations.

Board and Management

We believe in effective boards, comprising individuals sufficiently experienced in the business and other relevant matters, with a balance between executive and independent non-executive members. Boards must take responsibility for corporate performance and be accountable to shareholders. Our starting point is that the Chairman should be responsible for running

the board and the Chief Executive should be responsible for running the business and, accordingly, that these roles generally be split. A successful and open working relationship between the board and executive management is vital.

Compensation

The board's responsibilities should include evaluation and control of service contracts and compensation. The structure of these arrangements should balance the business need to attract and incentivize the required quality of individual and the need to avoid excess, which is judged in the context of the company's performance and market standards. We are generally in favor of share and share option elements in compensation packages for executives provided these do not significantly dilute shareholders and are properly linked to performance against meaningful individual and corporate targets. Share and option awards should be phased over at least three years to encourage loyalty and on-going performance.

We seek to engage with investee companies when we feel it is necessary and where we believe we can be effective. Our primary concern will always be the potential impact of any issues on a company's long-term valuation. We believe that a company's management should be best placed to manage the company's affairs effectively, but we may seek to discuss certain issues where we have concerns or where we require greater clarity. Examples of such issues might be:

- Operational performance
- Company strategy
- Strategy regarding acquisitions or disposals
- Inappropriate remuneration, incentive or severance packages
- Shareholder structure
- Environmental issues
- Social issues

If we subsequently believe we have received an unsatisfactory response from a company and we believe that the issue is likely to have a detrimental impact on shareholder return and thus on our clients' interests, then there are several courses of action available. These might include:

- Entering a more active dialogue with company management
- Writing to the company management to explain our concerns and action proposed
- Voting against company management
- Selling our holding
- Collaborative action

A more detailed account of our investing approach is available upon request.

ESG REPORTING

Our assessment of the profile of potential portfolio holdings in the areas of environmental, social and corporate governance forms an integral part of the stock analysis and investment recommendation formation process. Environmental, social and corporate governance assessments are made for each company and completed as part of the production of M.D. Sass's company research. These assessments are considered alongside multi-year revenue, earnings and free cash flow forecasts and other pertinent fundamental metrics in the decision-making process.

PROXY VOTING

M.D. Sass aims to vote all shares where possible and where we have been given discretion by our clients. In exercising voting authority provided to us by clients we follow the relevant applicable regulatory and legislative requirements. The guiding principle in performing this service is to make proxy voting decisions which favor proposals designed to maximize a company's shareholder value and are free from the influence of conflicts of interest.

This policy does not apply in any instance where a client has not granted M.D. Sass discretionary voting authority either because the client has retained voting discretion, granted voting discretion to a third party or directed us to vote proxies in a particular manner.

UPDATES

M.D. Sass will update this policy as and when M.D. Sass determines, in its sole discretion, that updates are appropriate.