



Acadian's Statement on Responsible Investing

Acadian believes that well-governed, sustainable businesses have the potential to make a positive contribution to active returns in our portfolios over time. Our investment approach is highly systematic and uses quantitative models to assess stocks. Responsible investing is integrated through factors in our core investment process and applied across all portfolios. Our goal is to continuously evaluate and incorporate additional Environmental, Social and Governance (ESG) considerations in our investment process either as return seeking or risk mitigating factors to improve our client's investment outcomes.

Acadian became the first quantitative manager to sign the United Nations Principles for Responsible Investment (UN PRI) in 2009, demonstrating our recognition of the importance of these issues. We share the philosophy that non-financial considerations may impact investment returns and risk, and we integrate an analysis of such issues in our investment process.

INTEGRATION OF ESG

We integrate ESG throughout our investment process. Acadian integrates factors into our core investment process that account for governance and management quality, carbon emissions and social issues such as sociopolitical risk and labor standards. In addition, we have an active research agenda to potentially integrate other ESG factors into our process, provided we would still be able to meet our fiduciary duty to our clients to maximize risk-adjusted returns. This includes diversity, equality, and inclusion.

Below are some details of responsible investment considerations:

- **Environmental:** As we acknowledge that transition risk will impact our securities, we take measures to manage as such. Acadian accounts for climate change and environmental considerations in a variety of ways; examples include our carbon tax on high emitting companies and further options for risk controls such as pollution, waste and environmental impacts on communities and ecosystems.
- **Social:** Acadian monitors political profiles that have the potential to impact country exposures in developing countries. We also believe labor practices are a relevant consideration in assessing corporate asset quality. This measure assesses company policies with specific coverage of issues such as child labor, forced labor, minimum wage, freedom of association, health and safety, and if the companies have been involved in any related controversies.
- **Governance:** Acadian believes that investing in companies with strong governance profiles has the potential to enhance returns. We utilize related factors in our bottom-up framework that includes considerations of executive compensation, executive turnover, capital structure, accounting 'red flags' and a composite that assesses traditional governance practices considerations such as board independence, litigation and fraud potential.

We also offer a wide set of ESG investment options as risk controls or portfolio tilts with typically limited adverse investment impact. We can apply restriction lists of over a dozen ESG-related issues including those relating to Governance or accounting practices as well as both positive and negative screens. Furthermore, we also offer SRI proxy voting and engagement reporting.

ACTIVE OWNERSHIP

- **Proxy Voting:** We will vote proxies when delegated proxy voting responsibility by our clients. We have adopted the voting policy of an industry-leading proxy provider, who casts votes according to agreed-on principles relating to such issues as board structure, accounting policy, share issuance, and others. We also vote in accordance with client directed voting policies if so directed. In addition, Acadian offers ESG-based Voting Policies through our proxy voting agent, which some of our clients elect to utilize.

These include the following options:

- Sustainability, which place further emphasis on Social and Environmental matters, generally supporting shareholder proposals that advocate ESG disclosures or universal norms / codes of conduct.
- SRI, which is oriented toward "triple bottom line" value creation and hence ensures alignment of compensation with ESG topics and generally supports shareholder proposals on social, environmental, and labor/human rights issues
- **Engagement:** Acadian's engagement policy applies across all of our portfolios. We prioritize engagements that improve our competencies in portfolio management and active stewardship. Given Acadian's leadership in the incorporation of ESG issues and active stewardship, we often participate in initiatives that address various ESG themes such as climate change and board diversity. We engage via collaborative, Acadian-led, and third-party led dialogues with approximately 1,000-2,000 companies annually. We engage where we have significant holdings and believe there is an opportunity to improve corporate behavior on environmental, social, and governance issues. This process aligns with our commitment to national stewardship codes.



GOVERNANCE AND REPORTING

- Acadian's ESG approach is governed by the firm's Responsible Investing Committee, comprised of senior executives and chaired by our appointed Director of Responsible Investing.
- Responsible investing reporting is available to clients and includes, ESG portfolio characteristics report, proxy voting results and engagement outcomes. In addition, we offer environmental reporting such as a carbon report which shows total carbon emissions and carbon intensity details / exposures by industry and region at the portfolio level compared to the client's mandated benchmark. These metrics are built into our internal portfolio management tools allowing us to drill into the drivers of these carbon exposures.
Acadian also publicly reports on our responsible investment activities on our website. This Transparency Report is also available on the PRI's website.

Signatory of:

