Harris | Oakmark

Responsible investing overview

June 30, 2025

OVERVIEW

At Harris | Oakmark, we believe that environmental, social and governance ("ESG") factors can be financially material to the companies in which we invest, and as such, should be considered as part of the investment process. We incorporate these factors into our investment research ("ESG integration"), proxy voting decisions, and interactions with company management teams and boards ("engagement"). We use the term "Responsible Investing" (RI) to refer to the combination of these activities.

APPROACH

Our approach to incorporating ESG factors is consistent with the Harris | Oakmark investment philosophy. Analysts take account of material ESG factors as part of the investment process and apply the same principles to these issues as we do to any other material factor. ESG factors that may be considered include environmental topics such as climate change and the energy transition, social issues like labor relations and human rights, and governance factors including executive remuneration, capital allocation and board skill set. We consider RI in terms of three pillars: **Identify, Value and Engage.**

We **identify** the material ESG factors to which a company is exposed. This takes place when a stock is added to our research project list, during due diligence, and when conducting fundamental research and presenting new ideas. We regularly review a company's ESG risks during the holding period, using a range of sources.

We incorporate material ESG risks and opportunities into our estimate of a stock's intrinsic **value** through financial modelling, valuation and risk analysis. These factors may impact valuations directly or indirectly. In some cases, ESG issues can be directly priced, for example an adjustment to revenue, operating expense, margins, assets, liabilities, capital expenditure, cost of capital or our terminal multiple. In other cases, valuations are indirectly impacted through issuer scores which reflects their risk profile, business quality or management quality which influences intrinsic value calculations.

Finally, we **engage** with companies to understand the management of ESG risks and opportunities. We leverage our access to management teams and boards to discuss material financial and non-financial factors with the company throughout the investment process. This helps to understand drivers of shareholder value and may inform our proxy voting decisions, as guided by our Proxy Voting Policy. We may use engagement to escalate an issue with management when not aligned with our expectations.

Identify		Value	
Project list	**Due diligence**	**Valuation**	**Approved list**
ESG data is collected from proprietary and third-party sources for all stocks on our research project list. We use a mosaic of information including research from ISS and MSCI.	Material ESG factors are identified and evaluated when conducting fundamental research and presenting new ideas.	Our estimate of a stock's intrinsic value is adjusted to reflect material ESG risks and opportunities. All stocks are issued a Management Quality rank.	The analyst must demonstrate that they have considered the material ESG factors of the company.

Engage

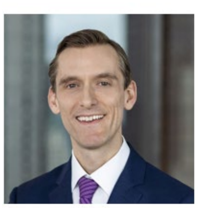
Throughout the process, we undertake direct and private management meetings and may encourage corporations to take actions that enhance shareholder value, which includes environmental, social and governance factors.

CONCLUSION

We regard ESG integration and stewardship as important elements of our fundamental, active approach to investing our clients' assets. In our view, a full understanding of a company's investment potential can only be gained by considering all material ESG factors, and this understanding is enhanced by continued engagement throughout the investment life cycle. We also offer separate account clients the option to tailor their portfolios according to their own ESG requirements and provide customized client reporting.

TEAM

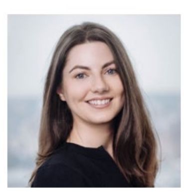
Our dedicated two-person RI team leads the firm's RI strategy, oversees the execution of RI initiatives and supports clients' RI requirements. As ESG subject matter experts, the RI team works closely with the investment team for the integration of material ESG factors into analysis, proxy voting, and engagement activities. Additionally, the team serves as the central coordinator for RI efforts across the firm, collaborating with the Proxy Voting Committee, reporting team, and Legal and Compliance functions.



Christopher Knowland, CFA

DIRECTOR, RESPONSIBLE INVESTING

- BA (University of Oxford, 2001)
- MSc (Imperial College London, 2010)
- Vice President, ESG Research at MSCI, Inc. (2016-20); Associate, Investment Responsibility at Stanford Management Company (2014-16); Head of Science & Innovation at the British Consulate in San Francisco (2012-14); ESG Ratings Analyst at MSCI, Inc. (2011-12); Head of ESG Analysis at Maplecroft (2010-11)



Emilie O'Neill, CFA, CAIA

DIRECTOR, RESPONSIBLE INVESTING

- Bachelor of Commerce (Finance) and Science (Psychology) (University of New South Wales, 2016)
- Co-Head of ESG & Senior Equities Analyst at Perennial Partners (2019-24); Equities Research Analyst (Financials Sector) at Morgan Stanley (2017-19)

Understanding the risks

All investments carry a certain degree of risk, including possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline. Non-U.S. investments involve risks such as currency fluctuation, political and economic instability, lack of liquidity and differing legal and accounting standards. These risks are magnified in emerging markets.

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