

Wasatch ESG Beliefs Document

Wasatch believes that environmental, social, and governance (ESG) factors are key elements of long-term returns and risk. As a quality oriented manager, Wasatch seeks to identify companies with exceptional management teams who focus on creating value for all stakeholders. In this regard, ESG factors have always played an important role in the investment process.

Each portfolio manager and analyst are tasked with identifying material ESG factors and monitoring them over time. The implementation of ESG into each portfolio will vary based on the investment professional's judgment on materiality and availability of information. To promote consistency across portfolios, Wasatch also provides third-party ESG research and scoring to the investment team on a quarterly basis.

Wasatch has identified key areas of focus which should generally be considered as part of the overall evaluation of a potential investment. It is important to note, that relevance and materiality vary by company, industry, and country. As such, each investment professional must determine if the below beliefs are applicable or material to a given company.

Governance

Focus on long-term shareholder value creation, transparency, oversight, and accounting practices

- Corporate culture consistent with best business practices concerning board structure, executive management, and compensation
- Practices that promote prevention of bribery, corruption, or illegal practices
- Assessment of accounting practices

Environmental

Focus on resource management, sustainability of operations, pollution and reporting

- Corporate culture to promote compliance with local regulations and best business practices to ensure environmental impact does not affect the long-term sustainability of operations

Social

Focus on human rights, labor relations, product safety, privacy, workplace conditions and reporting

- Corporate culture that promotes ethical workforce practices and ethical treatment of all stakeholders including employees, customers, and communities
- Appropriate risk management of potentially dangerous products and services



Environmental, Social and Governance Policy

Investment perspective

Wasatch's objective for integrating an environmental, social and governance (ESG) approach into the investment process is to, where prudent, enhance returns and reduce risk for our clients. We believe this is best achieved by considering and seeking to enhance the long-term value of our holdings. ESG factors are not seen as limiting the investable universe, rather they are used to better understand the risk and potential return of an investment.

Wasatch believes that an assessment of ESG exposure and impact on investments is an important part of the stock evaluation and selection process. Typically, our analysis will include information from a variety of sources, including internal research, company reporting, specialist ESG research providers, and brokers. Wasatch utilizes relevant and industry accepted benchmarks, standards and methods for ESG company analysis, focusing first on creating shareholder value.

Strong ESG policies and practices add long-term value to clients by aligning the interests of investors and corporations. As a firm, Wasatch has identified several guiding principles for evaluating ESG:

- Strong corporate governance leads to long-term value creation for clients
- Strategy and business operations should include consideration of all stakeholders
- Effective policies and systems mitigate ESG risk
- Transparency and reporting lead to better outcomes

ESG integration

The analysis of a company's ESG performance is part of our investment process. This element of our analysis enhances our understanding of a company and its ability to deliver long term shareholder value. There is no set way of integrating ESG into the investment process, and as such, different portfolio managers have developed varying approaches which may evolve over time. Each portfolio manager is responsible for evaluating the relevance of ESG in each investment decision.

Dialogue with companies

A dialogue with the companies we invest in is part of our investment process as an active investor. It has the advantage of enhancing our understanding of the companies in which we invest. We concentrate on each company's ability to create long term value and where considered relevant and feasible we will discuss adoption of improved ESG practices.

Proxy voting

As a firm, Wasatch has long believed that proxy voting is an important source of leverage in encouraging appropriate corporate governance and policies. The firm has established a proxy voting policy intended to maximize shareholder value, and when relevant, address material ESG factors.

Client specific requirements

For Wasatch, the consideration of ESG factors is focused on financial and not moral or reputational considerations. We however recognize that ESG is implemented to varying degrees according to local customs. Based on explicit client request we can accommodate further implementation of ESG practices.

Scope and responsibility for the policy

Wasatch has an established ESG Committee comprised of senior staff to oversee all aspects of the ESG process. Wasatch regards the implementation of ESG into investment decision making and company dialogue as an ongoing project. Each portfolio manager is ultimately responsible for overseeing the inclusion of ESG issues in investment processes from a performance and risk management perspective.

Reporting

We report our ESG activities directly to clients, and publically as required.

United Nations Principles for Responsible Investment

Wasatch has been a signatory to the UNPRI since 2018.

This policy was revised on 1/1/2018