



Responsible Investment Statement

Wasatch believes the thoughtful incorporation of responsible investment practices, including the analysis of Environmental, Social, and Governance (ESG) factors may reduce risk and maximize returns. The integration of ESG analysis, alongside traditional financial metrics, provides Wasatch investment professionals with a mosaic of relevant risks and opportunities that are incorporated into every investment decision. Wasatch has committed to these practices firm-wide and across all equity portfolios.

Wasatch's Responsible Investment Statement is intended to educate clients on the ESG factors likely to be deemed financially material, while also describing how ESG is integrated into all aspects of the firm's operations.

Environmental, Social, and Governance Beliefs

ESG is fully integrated into the investment process at Wasatch. Portfolio managers and analysts are tasked with identifying financially material ESG factors for each investment opportunity. To guide its investment professionals, Wasatch has identified key areas of focus that are generally considered as part of the overall evaluation of any 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 factors listed below 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 for board structure and composition, executive management, and compensation
- Practices promote the prevention of bribery, corruption, or illegal practices
- Assessment of accounting practices

Environmental

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

- Corporate culture promotes 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 quality and safety, data privacy, workplace conditions, and reporting

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

Responsible Investing and ESG Practices

Integration

Wasatch has long believed that ESG considerations must be fully integrated into the investment research process. The incorporation of these factors is not seen as limiting the investable universe. Rather, ESG is incorporated as part of a broad mosaic of financial and non-financial factors that may be material to the risk and return profile of a given investment. A hallmark of Wasatch's investment style is its focus on generating independent, proprietary investment research. As part of this process, Wasatch explicitly considers ESG factors that may support or challenge its investment thesis.

Portfolio managers and analysts are tasked with identifying financially material ESG factors before an investment is made, as well as during ongoing diligence. The implementation of ESG into each portfolio will vary based on the investment professional's judgment on materiality of risk and potential impact on return. Each material ESG risk or opportunity is documented in the firm's research management system and is monitored over time. To ensure consistency across the firm, Wasatch has adopted a materiality matrix based on guidance provided by the Sustainability Accounting Standards Board (SASB). Investment professionals are also provided with standardized ESG and carbon risk reports to supplement internal research utilizing the firm's external research provider, Sustainalytics.

It is important to note that Wasatch believes the process of incorporating ESG factors varies by stock, geography, and portfolio. However, the firm-wide investment philosophy of seeking companies with strong corporate governance, sustainable competitive advantages, and long-term growth naturally supports the incorporation of ESG factors.

Engagement

Wasatch believes that direct engagement is a powerful tool for assessing the investment opportunity, as well as the risks, of a given investment. As bottom up, long-term investors, Wasatch seeks to build constructive relationships with company management built on direct and honest communication. While Wasatch does not seek to be an activist investor, it is common for research personnel to engage with company management in conversations related to ESG practices and behaviors. The purpose of these conversations is to better understand the quality of a given company's management team, and to accurately model financial risks into the investment thesis. ESG-related engagement is prioritized based on materiality, holding size, and/or other relevant factors. Engagements are documented as part of the investment research process and follow-up is scheduled as needed. When necessary, Wasatch will divest from holdings when it believes ESG risks adversely impact the risk and return profile of a security. However, divestment episodes are rare given ESG risks are typically identified in the research process.

Escalation

Wasatch conducts extensive diligence on each portfolio company before making any investment decision. As part of that process, Wasatch seeks to identify all material financial factors to incorporate into the investment thesis. If material ESG factors are identified, it is common for Wasatch to contact company management to better understand the materiality and mitigation of

ESG risks. If company management fails to adequately mitigate material ESG risks, Wasatch will not invest in the company. In very limited circumstances, where ESG escalation has not developed until after Wasatch's ownership, and company management fails to address the concerns, Wasatch may choose to support activist proxy proposals or other shareholder efforts to effect change (where deemed financially prudent). However, Wasatch's primary means of protecting the interests of its shareholders and clients is the purchase and sale of securities.

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, where relevant, address financially material ESG factors. Wasatch has retained an independent service provider, Institutional Shareholder Services (ISS) to assist in reconciling and processing proxy ballots, provide record-keeping and voting disclosure services, and research on proxy issues. The firm's proxy voting records, including ESG-related items, are available upon request.

Screening & Exclusions

Financially material environmental, social, and governance issues are considered as part of each investment decision. To ensure alignment with global best-practices, Wasatch monitors portfolios for potential indicators of poor ESG practices, including violations of the UN Global Compact standards. However, for clients seeking additional ESG/SRI customization, Wasatch is able to restrict separate account portfolios based on client-provided or third-party exclusion lists. The firm also adheres to all applicable laws related to client accounts, including restrictions based on local or global sanctions.

Reporting

Clients may request reporting on ESG-related risks in their portfolios, carbon risk reporting, and adherence to industry standards such as the United Nations-supported Principles for Responsible Investment (PRI). The general public can access the firm's ESG overview, proxy voting results, and other relevant documents on Wasatch's website.

Oversight

Responsible investment at Wasatch is overseen by the firm's ESG Committee. The committee represents senior staff from all areas of the firm, including portfolio management and executive leadership. The committee meets quarterly and reports to the firm's Investment Risk Committee, which ultimately reports to the Wasatch Board of Directors. All relevant responsible investment and ESG policies and procedures are reviewed at least every two years.

Responsible Investing and ESG Industry Involvement

Wasatch may engage with policy makers and industry participants, when deemed beneficial to clients. Wasatch participates in industry groups such as the Investment Company Institute (ICI) which lobby on its behalf. Additionally, Wasatch is an active participant in ESG-related initiatives such as the United Nations-supported Principles for Responsible Investment (PRI), and the Task Force for Climate Financial Disclosures (TCFD). Wasatch intends to increase participation in ESG-related organizations over time.

UNPRI Signatory

Wasatch became a signatory to the United Nations-supported Principles for Responsible Investment (PRI) on January 12, 2018.

TCFD Support

Wasatch indicated support for TCFD in February 2021. The firm has committed to providing clients with reporting and disclosure in accordance with TCFD recommendations. Wasatch intends to continue improving and enhancing its carbon reporting capabilities as the industry standardizes reporting. Wasatch seeks to report its own carbon footprint in alignment with TCFD guidelines as determined by the firm's Sustainability Committee.

Paris Agreement Support

Wasatch supports the Paris Agreement and its goal of stabilizing global temperatures and reducing greenhouse gas emissions.

This statement was adopted by the Wasatch Board of Directors on April 6, 2021.