Environmental, Social, & Governance Investment Process

Congress Asset Management Company

What is Environmental, Social, & Governance ("ESG") Investing?

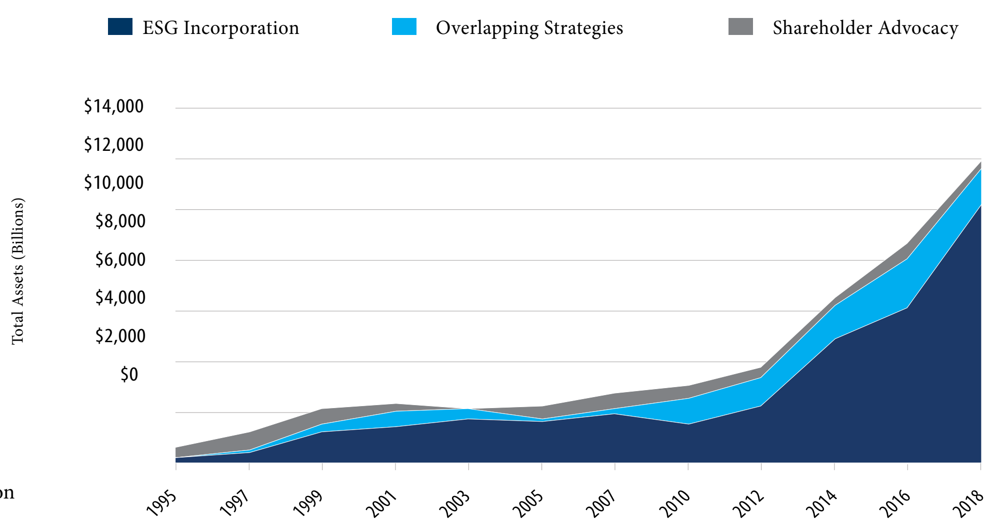
There are several monikers used to describe investment strategies that consider envrironmental, social, and governance issues in their portfolio construction process. Examples include socially responsible investing, sustainable investing, and impact investing. The commonality between these varying descriptions is that some method of evaluating an investment's ESG impact is a key part of the research or due diligence effort.

Why is it Important to Consider?

Demand from both institutional and individual investors in combination with increased awareness, transparency, and access to information regarding corporate ethics and responsibility has helped drive the explosive growth of sustainable investing in the U.S. Sustainable, responsible, and impact investing assets now account for $12.0 trillion, or one in four dollars invested under professional management in the United States.[1]

In addition to any social or moral benefit derived from these investment approaches, the case has been made by several investment industry thought-leaders (The CFA Institute, Morningstar) that ESG factors should be a key part of the investment analysis and decision-making process as a means of potentially enhancing returns or lowering risk. That argument is beyond the scope of this piece, but is worthy of review by investors and their advisors.

Sustainable Investing Growth in the U.S. 1995-2018[1]



Source: US SIF Foundation

The Six Methods for Considering ESG Issues[2]

- **Exclusionary Screening -** exclusion of companies on the basis of traditional moral values, standards, and norms
- **Active Ownership -** entering into a dialogue with companies on ESG issues and exercising voting rights to enact change
- **Thematic Investing -** investing based on trends (climate change, human rights, etc)
- **Impact Investing -** seeks to generate beneficial social and/or environmental change
- **ESG Integration -** employs systematic and explicit inclusion of ESG risks and opportunities in investment analysis
- **Best in Class Selection -** preferentially investing in companies with better ESG performance relative to their peer group

Information unless otherwise noted is as of 9/30/2020

[1] US SIF Foundation's biennial Report on US Sustainable, Responsible and Impact Investing Trends 2018
[2] CFA Institute ESG Issues 2015
[3] Congress has partnered with Sustainalytics, a provider of ESG research and analytics

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ESG Capabilities

Firm Overview

- Congress Asset Management is a privately-owned, Boston-based investment management firm with $14.3 billion in assets under management as of 9/30/2020
- Congress has managed customized socially responsible investment mandates for over 20 years
- Congress offers Large & Mid Cap Growth ESG portfolios

Our Approach to ESG - An Integrated Best-In-Class Portfolio Construction Process

Congress has a long tradition of leveraging internally generated research focused on high quality growth characteristics. ESG portfolios are a natural extension of this foundation. A full scope of ESG issues are considered, including, but not limited to:

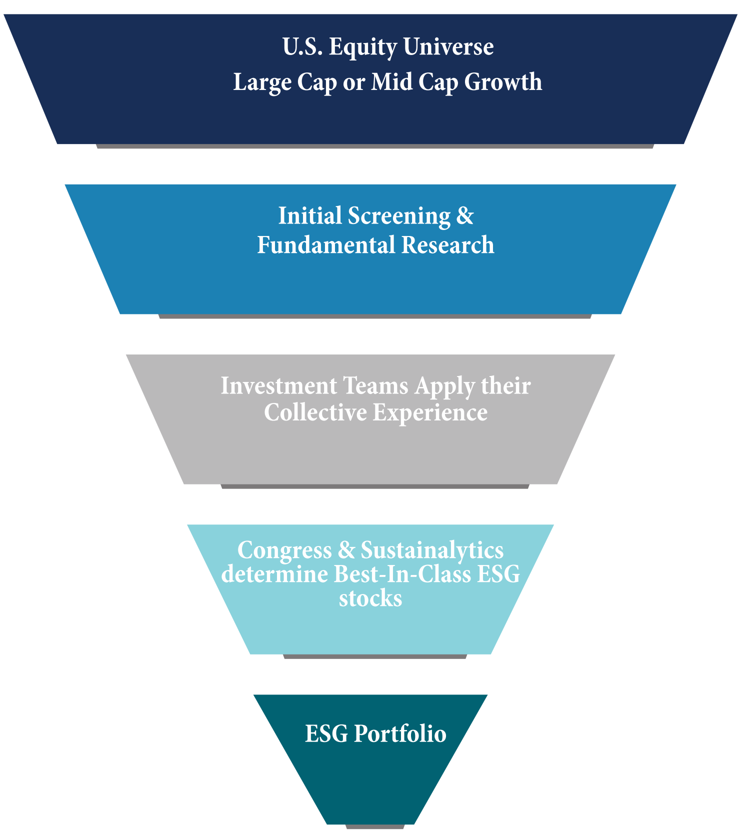
Environmental: preparedness, GHG emissions, carbon intensity, track record, etc.

Social: supply chain, community involvement, human rights, diversity, etc.

Governance: whistleblower programs, board independence, executive pay, etc.

Investment Framework & Process

Portfolio creation integrates ESG factors into the investment process to generate above average return on investment



Define the investment universe
We consider companies within either the Russell Midcap Growth or Russell 1000 Growth universe, depending on investor objective.

Art and Science
Metrics are used to identify companies with strong balance sheets, superior revenue & earnings growth rates, and demonstrated free cash flow within the target market capitalization range. A detailed fundamental bottom-up research process is then executed on companies that warrant further exploration.

Investment Policy Committee Discussion
Experienced and stable investment teams meet formally to present research findings. Ideas are challenged and debated, a final decision is made.

Apply Best-In-Class ESG Lense
A combination of external and internal ESG research is applied to our buy list of stocks to identify companies that compare most favorably to peers in their sector based on an extensive list of relevant ESG factors.

Monitor holdings continuously
A high conviction portfolio of 35-45 securities results, holdings are consistently reviewed.

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