FIDUCIARY
MANAGEMENT, INC.
Investment Counsel

March 2021

Integration of Sustainability Risks into the Investment Process

This document sets out disclosures by Fiduciary Management, Inc. (the "Firm"), with respect to the principal adverse impacts (PAIs) of our investment decisions on sustainability factors.

The Firm formally adopted a responsible investing policy (available at fmimgt.com). When evaluating investment opportunities, the Firm seeks to invest in companies that have the resilience and capacity to successfully operate and embrace value creation, pursue profits, and balance the demands of its stakeholders; however, relevant factors are different for each company. The evaluation of these factors are not universal and need to be assessed in the context of their industry, domicile, and history. We recognize that most corporations continue to evolve, improve, and communicate efforts to address an ESG framework. Increasingly, companies are disclosing more details about ESG relating practices and we expect that trend to continue. We continue to believe greater disclosure and transparency across companies will provide investors with the tools to discern and make informed decisions about the quality of corporate citizenship.

The EU Sustainable Finance Disclosure Regulation ("SFDR") requires the Firm to make a "comply or explain" decision on whether to consider the PAIs of our investment decisions on sustainability factors as outlined in SFDR and as specified with respect to enumerated PAIs in so called "Level 2 Regulations", published in draft form. The Firm does not consider the principal adverse impacts of investment decisions on sustainability factors, as defined in the SFDR. The Firm is therefore required to publish and maintain on our website a statement to explain our reasons for not complying with PAI in SFDR, and information as to whether and when we intend to consider such adverse impacts.

Rationale for not considering the PAIs as defined in SFDR

1. The Firm has carefully evaluated whether its investment process considers the PAIs in SFDR.
2. The Firm is supportive of the policy's aim to improve transparency to clients, investors, and the market, as to how financial market participants integrate consideration of the adverse impacts of their investment decisions on sustainability factors. However, taking account of the nature and scope of our activities, we have determined that our investment process does not consider PAIs as defined in SFDR at this time.
3. The Firm has determined that within its investment universe of potential portfolio companies there is little or no available data with which would enable the firm to comply with the technical reporting requirements of the PAIs (size, nature, and scale necessary, and absence of universal financial regulatory standards). Currently, information required to meet the reporting obligations of SFDR are either not fully available or cannot be measured systematically, consistently, and at a reasonable cost to investors, because potential underlying companies or issuers within the firm's universe of portfolio companies are not widely obligated to report this data. The firm has concluded that application of PAIs within its investment process is simply not practicable at the present time.
4. The Firm will keep its decision not to consider the PAIs under periodic review to determine whether there are market developments such that reliable PAI data might be incorporated into the firm's investment process.
5. Notwithstanding our decision not to consider PAIs as defined in SFDR, the Firm also wishes to re-affirm our overall commitment to responsible investing matters. Please refer to Firm's responsible investing policy available on our website at: fmimgt.com. Under this policy, the firm has integrated these considerations into our investment process.