



## RESPONSIBLE INVESTMENT POLICY

Signatory of:



### INTRODUCTION

As a fiduciary, Fort Washington Investment Advisors ("Fort Washington") is committed to acting in the best interests of our clients. We are active managers who believe strong investment outcomes are achieved through disciplined, repeatable processes grounded in fundamental research and risk management.

Sustainability concerns, including environmental, social, and governance ("ESG") considerations, are among the many factors that can impact long-term business fundamentals, risk profiles, and security valuations. Incorporating these factors into our research enhances our understanding of investment risks and supports our mission to deliver proactive, strategic advice with a commitment to excellence.

### RESPONSIBLE INVESTMENT PHILOSOPHY

Fort Washington believes that certain ESG issues are relevant and financially material to long-term business fundamentals and, therefore, to the valuation of securities. While the investment relevance of any ESG factor varies across sectors, asset classes, and company-specific contexts, ESG metrics can offer insights that traditional financial metrics may overlook. Such insights include considerations like susceptibility to legal action within a dynamic regulatory landscape or exposure to reputational and brand risks associated with various governance issues.

As active managers, we view ESG analysis as additive to traditional financial research. Our approach seeks to:

- ▶ Deepen understanding of business models and issuer-specific risks;
- ▶ Identify emerging risks and opportunities not fully reflected in financial statements;
- ▶ Inform valuation assumptions, downside risk assessment, and portfolio construction; and
- ▶ Support investment decision-making consistent with fiduciary responsibilities.

In some cases, ESG-related risks, controversies, or governance failures may contribute to market inefficiencies or valuation dislocations. Investment teams assess whether such risks are structural or temporary, whether they are improving or deteriorating, and whether they are adequately compensated through valuation and portfolio positioning.

### INTEGRATION OF ESG CONSIDERATIONS

The weight and type of ESG factors considered for each investment strategy vary based on data availability and the specific approach used within each portfolio.

When material ESG issues arise that may challenge an investment thesis or intrinsic value assessment, analysts escalate the matter through formal communications and team discussions. If warranted, valuation assumptions may be revised, and portfolio holdings may be reassessed.

#### Examples of potentially relevant ESG considerations include:

- ▶ **Environmental Risks:** Risk factors we assess include an assessment of climate change, waste and emissions management, renewable energy usage, and exposure to policy or regulatory change. Additionally, with third-party data, Fort Washington maintains the ability to monitor the carbon footprint of many investment holdings. In support of this analysis, Fort Washington has access to climate-related metrics provided through MSCI Portfolio Summary Reports, which are distributed monthly to the portfolio management teams of many strategies that we offer. These reports include weighted-average carbon intensity, issuer-level carbon risk classifications, and benchmark-relative comparisons of greenhouse gas exposure, enabling investment teams to assess the carbon profile of portfolios and identify holdings with elevated or improving climate-risk characteristics. While these metrics are one input among many in our research process, they enhance our ability to evaluate the potential financial relevance of climate-related risks in a consistent and transparent manner.
- ▶ **Social Risks:** Measurable impact factors include labor practices, diversity and inclusion, human capital management, health and safety, supply chain integrity, community impact, and exposure to controversial products.

► **Governance Risks:** Factors we monitor include board structure, executive compensation, shareholder rights, transparency including management practices, corruption and bribery risks, and political lobbying.

Considerations such as these are also incorporated within the due diligence process of our private markets funds and as part of our evaluation of external managers for private wealth clients.

## Private Markets & Private Wealth Portfolios

FW Capital, Fort Washington's private equity division, incorporates ESG analysis into our existing due diligence process for new investments as well as ongoing monitoring of its holdings. Investment teams use customized ESG questionnaires and engage directly with management teams to understand material risks and opportunities associated with each private deal.

Within portfolios that utilize external strategies, Fort Washington employs positive ESG screening tools on behalf of investors seeking to construct a portfolio consistent with their ESG values. Due diligence incorporates both qualitative and quantitative evaluation of a manager's ESG philosophy, process, and stewardship practices.

## Reporting on ESG

Fort Washington provides regular ESG reporting across the firm, including to investment teams, the Responsible Investment Committee, the Risk Management Committee, client relationship teams, and clients, as applicable. Reporting typically includes MSCI-generated data that provides strategy-level ESG characteristics and exposures; firm-wide holdings with low ESG ratings (CCC or below); trend monitoring and analysis of emerging ESG risks; and documentation of the rationale for holdings with elevated ESG risk characteristics.

MSCI ESG research supports this reporting process through monthly Portfolio Summary Reports that are reviewed by portfolio managers. These reports provide portfolio- and security-level assessments of ESG exposures relative to benchmarks. When a strategy invests in or continues to hold a CCC-rated security, the analyst must prepare a rationale memo, which is reviewed by the Responsible Investment Committee as part of its oversight responsibilities.

## Stewardship & Engagement

As active managers, Fort Washington believes that engaging with the ownership and management teams of potential investments is an important tool for managing risk and supporting long-term value creation. As part of our stewardship objectives, we:

- Engage company leadership and boards to understand how they manage risks to their business strategy, including sustainability risks that may be financially material.
- Discuss financial and non-financial issues, including sustainability outcomes, that may influence long-term performance.
- Monitor governance quality and seek out transparency and effective oversight.
- Incorporate insights from engagement into investment recommendations and decisions.

Engagement is primarily conducted through direct dialogue, including onsite company visits, conference calls, investor conferences, and trade show attendance. Additionally, our multi-manager due diligence process incorporates evaluation of how external managers approach engagement and stewardship within their own strategies.

## Client-Directed Exclusionary Screening

Fort Washington has managed exclusionary screening mandates since the firm's inception. This practice allows clients to align their portfolios with values, mission-driven objectives, or specific ethical considerations.

Exclusionary screens are customized to client requirements and implemented in accordance with each client's investment policy statement. These may include, but are not limited to, exclusions related to: alcohol, tobacco, and weapons manufacturing or distribution; fossil fuel exposure, including specific revenue thresholds; involvement in human rights violations; activities inconsistent with faith-based principles; country-specific or sanctions-related restrictions.

In addition to client-directed exclusions, certain Fort Washington investment strategies incorporate proactive ESG-risk-based exclusions. These strategies may choose to exclude or avoid securities that demonstrate persistently poor ESG characteristics—including low third-party ESG ratings (e.g., MSCI CCC-rated issuers) or material unmanaged ESG risks—even in the absence of explicit client-directed restrictions.

As part of Fort Washington's broader stewardship philosophy, the firm may also consider engagement and escalation when material sustainability risks or governance concerns arise. If a company shows limited responsiveness to investor feedback or demonstrates inadequate progress on identified issues, escalation—ranging from enhanced monitoring or eventual divestment—may be employed to protect client interests and support long-term value.

### **The rationale for these exclusions includes:**

- ▶ Elevated potential for regulatory, legal, or reputational risk.
- ▶ Weak governance structures that may impair long-term performance.
- ▶ Environmental or social practices that pose meaningful downside risk.
- ▶ Limited evidence of improvement or responsiveness by company leadership.

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## **GOVERNANCE OF RESPONSIBLE INVESTMENT**

To ensure consistent application of this policy and to support continued advancement of responsible investment practices, Fort Washington established the Responsible Investment Committee in 2017. It is comprised of the organization's most senior leadership as well as members from all areas of the company.

### **The Committee:**

- ▶ Governs ESG-related policies and procedures;
- ▶ Reviews ESG reporting and metrics across investment strategies;
- ▶ Evaluates firm-wide exposure to material ESG risks;
- ▶ Facilitates ongoing education for investment professionals;
- ▶ Serves as a forum for discussion on emerging ESG issues;
- ▶ Allocates resources and recommends enhancements to responsible investment capabilities; and
- ▶ Carries out discussion with portfolio managers on their strategies that focus on ESG considerations.

## **CONCLUSION**

Responsible investing continues to evolve as new research, standards, and practices emerge. In response, Fort Washington remains committed to continually enhancing its ESG integration tools and methodologies, providing training and resources to associates, monitoring industry developments and regulatory expectations, and adapting its approach to reflect best practices and client needs.

Fort Washington's Responsible Investment Policy reinforces this commitment by outlining our belief that incorporating financially material ESG insights strengthens risk management and supports sustainable, long-term value creation. Through disciplined research, active engagement, collaboration with clients, and clear governance, we aim to deliver investment solutions that meet client objectives while effectively navigating the evolving landscape of responsible investment considerations.

Fort Washington's efforts are also reflected within Western & Southern Financial Group's annual Corporate Responsibility Report, which provides a comprehensive view of the enterprise's environmental initiatives, community impact, governance practices, and responsible investing efforts. This broader umbrella reinforces the organization's long-standing commitment to operating responsibly and supporting sustainable outcomes for clients, associates, and the communities we serve.

## **CONTACT**

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