

Updated May 2023

As part of Pzena Investment Management's statement of self-evaluation and adherence to Japan's Stewardship code, we regularly review our commitments as reflected in our statement of adherence. During the period of April 2022-March 2023, the following actions were implemented:

- All stewardship-related policies and procedures are reviewed at least once annually. We recently published our [inaugural Stewardship Report](#) which highlights significant engagement and proxy voting instances throughout 2022. This report will be updated and published annually.
- We maintain a relationship with the management teams of all Japanese companies through regular meetings, in-person site visits, and telephone calls. Our approach to these engagements is consistent across all our holdings i.e. collaborative and tailored to the specific issues for a given company.
- In the reporting period, engagements were conducted with approximately 63 Japanese management teams about various topics including: board structure and composition; capital allocation; and capex plans for environment-related projects and pathways to net zero.
- Our 'ESG Opportunity List' has remained an integral part of our engagement strategy. This is a subset of names in our portfolios where material ESG issues exist, and engagement *could* have a positive impact. We expect industry analysts to define a set of formal engagement objectives and milestones for companies on this list. Currently there are 11 Japanese names on the list. The Opportunity List is formally reviewed every six months, though a decision to add or remove a company from the Opportunity List can occur at any time. This decision is made between the industry analyst, portfolio managers, and ESG analysts.
- Isuzu, a Japanese OEM, is a case of an Opportunity List name where we felt the company was not adequately addressing the electrification transition, with no carbon emissions reduction strategy or published plans for EV rollout. We added Isuzu to the Opportunity List with the goal of encouraging management to set a coherent transition strategy. Through multiple engagements, we felt that management began to appropriately position the business for the EV transition, and capex plans and timeline seemed reasonable. This led to the determination that Isuzu could be removed from the Opportunity List, though we continue to monitor any developments.
- We have redefined the following ESG governance bodies:
 - The ESG Operating Committee is cross-functional, consisting of representatives from our Research, Client Services, Legal/Compliance, and Operations groups. The ESG Operating Committee meets as often as needed (at least once annually) to oversee the day-to-day operations of Pzena's ESG efforts. Responsibilities include overseeing ESG reporting initiatives and evolving ESG regulations, evaluating membership of 3rd party ESG organizations, and other firm-level ESG initiatives.
 - The ESG Steering Committee is comprised of members of the Research team, specifically a sub-set of Portfolio Managers and the ESG team. The ESG Steering Committee meets quarterly to guide priorities at the intersection of ESG and Research. Responsibilities include determining quarterly thematic ESG research and setting external facing priorities, such as publications, interviews, and conference attendance.