

2023

PZENA CORPORATE RESPONSIBILITY REPORT

PZENA

Investment
Management

A Message From Our Executive Committee

We are pleased to present the inaugural Pzena Investment Management Corporate Responsibility Report. We believe operating in alignment with the values most important to our employees and clients is paramount to our success. Since our founding in 1996, Pzena has had a clear mission:

- To be known among the premier value investors in the world
- To deliver on our commitments and obligations to our clients at the highest possible level
- To attract and retain the best and the brightest employees and partners

As an asset management firm, we recognize the important role we play in the allocation of capital, and we take that responsibility seriously. As a part of that commitment, we integrate financially material environmental, social and governance considerations into our fundamental bottom-up investment [process](#). We also want to offer our stakeholders a better understanding of how we, as a firm, navigate many of the same issues that we discuss with the management teams of companies in our portfolios. This report intends to clearly communicate our firm-wide activities falling under the broad umbrella of corporate social responsibility.

Key pillars of our corporate responsibility activities include:

- **Our People.** Our employees are our most important resource, and it is important that we cultivate a work environment that allows them to do their best work. We codified a set of Leadership Principles and core competencies defining the culture that we strive to maintain at Pzena. How we translate this perspective into our investments is covered in more detail in our [whitepaper on corporate governance](#).
- **Our Environmental Footprint.** As an asset-light firm, our daily operations have a relatively minimal environmental impact; however, we think it is important to minimize our environmental footprint wherever possible. Environmental issues become more material for some of our investments, and we have outlined our approach to managing climate risks and opportunities in a separate [report](#).
- **Giving Back.** We are passionate about supporting charitable causes, particularly those that are important to our employees. We are proud to have the firm and so many individuals serving charitable organizations in a variety of ways and continue to foster a culture that values giving back.

We are grateful for your continued support and look forward to maintaining an ongoing dialogue on these issues.

Sincerely,

The Pzena Executive Committee



Caroline Cai
Chief Executive
Officer and Portfolio
Manager



Jessica R. Doran
Chief Financial
Officer and
Treasurer



Evan Fire
Chief Operating
Officer



Allison Fisch
President and
Portfolio Manager



John P. Goetz
Co-Chief Investment
Officer and Portfolio
Manager

PZENA AT A GLANCE

Pzena Investment Management, LLC is an investment manager with a strict focus on classic value investing. The firm manages US, non-US, and global portfolios with a goal of long-term alpha generation. Since the firm's inception in 1995, Pzena has built a diverse global client base of institutional and retail investors.

Pensions&Investments

BEST PLACES TO WORK
IN MONEY MANAGEMENT

43%

of our employees
are partners

as of 12.31.23

\$61.1B

AUM in USD

Employees by Region

US
88%

UK
4%

Europe
5%

Australia
4%

OUR PEOPLE



Our Leadership Principles

A strong and cohesive workplace culture is a collective effort, shaped by the actions of every member of the organization. Our senior leaders have created a solid foundation, codifying Leadership Principles that set the cultural tone from the top. We define leadership to mean a set of qualities that any individual can embody, regardless of position or seniority.

- 1** Leaders have an unwavering vision, set a clear direction, and communicate it in a compelling manner.
- 2** Leaders maintain the highest standards of excellence, integrity, and commitment for themselves and expect the same of others.
- 3** Leaders create an inclusive environment that encourages debate and discovery and act with unity when a decision has been reached.
- 4** Leaders take personal responsibility for failures and credit others for successes.
- 5** Leaders focus on what is best for the long-term interests of the firm and set aside their individual agendas.
- 6** Leaders care for others and earn the trust and loyalty of the team and clients through honesty, fairness, and transparency.
- 7** Leaders step up and make it happen.

Diversity, Equity & Inclusion

We believe Diversity Equity & Inclusion (DEI) is important because having a diverse group of people collaborating directly supports our mission of investment excellence and allows us to better serve our clients. Attracting and retaining the best people means incorporating diversity, equity, and inclusion at all stages of talent development. We start by trying to develop a diverse pipeline of talent through our recruitment efforts. Once an individual joins Pzena, we focus on equity and inclusion, providing access to equal opportunities to help us retain the best talent. Our partnership structure (explained in more detail below) is one of the main opportunities for our employees to share in the success of the firm, in addition to growth and leadership opportunities.

Diverse Talent Pipeline

Philosophy

We take pride in creating and maintaining a diverse workforce. We aim to hire forward-thinking, intellectually curious individuals with diverse, well-rounded backgrounds as employees and senior leaders. We believe that diversity within our firm is a key contributor to our mission. The ultimate success of our business lies in our ability to attract and retain the best people, and building a business for the long term requires a continuity of staff with a shared purpose.

In Practice

As we have grown our business and continue to commit to our Equal Employment Opportunity and Affirmative Action Policy, we have identified additional ways to attract underrepresented candidates:

1. Making our positions known to a broad range of women or minority only higher education institutions, mission-focused industry groups, women- or minority-only associations, job boards focused on diversity, and professional organizations.
2. Ensuring that our recruiting partners understand our commitment to diversity and our policy to consider all qualified candidates regardless of any characteristics.
3. Endeavoring to uphold diverse hiring teams; to gender-neutralize the content we use for hiring, including job and company descriptions; and to attract a broad applicant pool across all positions.
4. Ensuring all personnel involved in the hiring, promotion, transfer, compensation, benefits, termination, and all other terms and conditions of employment are made aware of their responsibilities in support of our firm's position on supporting diversity, equity, and inclusion.

Continuous Improvement

We periodically review our efforts in attracting diverse candidates. We consistently research organizations, programs, and various sourcing methods to understand potential opportunities to broaden our diversity efforts. We also explore opportunities to partner with impactful organizations whose mission of diversity are aligned with our diversity, equality, and inclusion efforts.

It is also important to be internally self-reflective. For example, we continually analyze our selection, recruitment, referral, and other personnel procedures. We also review our practices regarding use of recruiting sources and search firms, posting of job openings, and universities. Periodically we will audit, analyze, and report on the firm's personnel actions to ensure compliance with our policies.

Internal Equity and Inclusion

As a firm, we are committed to maintaining an equitable environment and one in which all individuals are treated with respect and dignity. We understand that everyone at our firm is unique, and that each employee's individual perspective adds value to our team. We believe that diversity, namely through our different backgrounds, experiences and viewpoints, supports the mission of our firm. We are proud that diversity at our firm is represented through our collective experience, thought, and education. It is our policy to ensure equal employment opportunity without discrimination or harassment based on race, color, national origin, religion, age, sexual orientation, gender, marital status, disability, creed, or any other protected category.

Our Partnership Structure

Partnership is offered to individuals throughout the firm who have contributed meaningfully to the success of the organization. Every employee at Pzena is eligible for partnership because we recognize that significant contributions can be made across all positions, levels, and teams. We believe it is important for every employee to be eligible for partnership because each role within the organization is valued individually and can contribute to the firm's success. Inviting someone into the partnership is an invitation to share in the firm's success and an indication that we would like to continue to work together for mutual long-term benefit.

Employees invited into the partnership generally receive an initial share grant at no cost to them and are subsequently offered opportunities to increase their ownership via a range of equity incentive plans. We believe this ownership model results in a shared sense of purpose with our clients.

Gender Diversity

28%

of managers
are women

Promotions

54%
Male

46%
Female

Gender Breakdown

67%
Male

33%
Female

60%

of our Executive
Committee are
women

Ethnic Diversity

18%

of managers are
ethnically diverse

27%

Ethnically Diverse
Employees

DEI Taskforce

Working closely with our Human Resources department, our founder, Rich Pzena, currently leads an internal task force to identify additional ways to incorporate diversity, equity, and inclusion both at our firm and externally. The following subcommittees focus on specific areas that the group believes are most important.

Education - focuses on exploring available education and training tools for the firm to raise awareness of DEI issues. This group participated in selecting the unconscious bias training that was rolled out to all employees.

Hiring - examines the firm's hiring practices to identify areas for improvement. Some initiatives include researching and expanding sourcing methods to reach diverse candidates and identifying additional ways to ensure screening and hiring processes are free of bias.

Charity - ensures that there are opportunities for our employees to get involved with charitable organizations through firm sponsored volunteer events.

Action - identifies ways to connect employees to outside volunteer opportunities.

As part of our effort to incorporate diverse voices, the DEI taskforce has implemented events in celebration of heritage/history months, as well as LGBTQIA+ month. These occasions are meant to highlight the varied voices of our employee base, and to introduce participants to new organizations worthy of their involvement in the future.

Black History Month: Pzena hosted the Knowledge is Power Program (KIPP) for an informational session and conversation with the organization's Deputy Director. Throughout the discussion, participants learned about KIPP's history and mission to better understand and address the issue of education opportunity in low-income communities.

LGBTQIA+ Month: The founder of Knit the Rainbow, an organization which provides handmade knit & crochet winter clothing accessories to the LGBTQIA+ youth community experiencing homelessness, visited Pzena to share their mission. To stay engaged, we hosted a drive for materials to donate.

Hispanic Heritage Month: Corporate Pero Latinos (CPL) joined us in our NY office to share how their organization empowers the LatinX community in the workforce through networking events and volunteer initiatives. As part of the event, CPL invited a group of young professionals seeking advice for entering the workforce to the event. We hosted a resume review workshop with volunteers from our office and the members of CPL.

Women's History Month: Pzena partnered with two organizations, Women in Need and NYC Mamas Give Back, in recognition of Women's History Month. We hosted an in-office drive to collect clothes, baby supplies, diapers, and self-care items. Both organizations accept in-kind donations to support their missions of supporting women and families throughout NYC.



MENTORSHIP

Our mentorship program began in 2018 with the goal of fostering connections between departments and supporting our employees' career development. Any employee with an interest in offering or seeking professional guidance is encouraged to join. Pairings are determined after completing a survey from our Human Resources department assessing baseline interests and goals. With objectives, outcomes, and milestones worked into the program, mentees and mentors collaborate to tackle issues that shape personal growth and career development. Mentorship has allowed relationships to form that may otherwise not have developed. We find that these relationships typically last beyond a given mentorship cycle and continue to build a culture of cross-functional collaboration.



“The mentorship program has been an invaluable resource to my professional career at Pzena. I’ve had the privilege of being both a mentee and mentor within the program for the last 5 years. I’ve had different mentors throughout the years, varying in levels of experience and departments within our organization which has been helpful. My most recent mentor is in a similar role but with decades more experience – they have given me the knowledge, skills, and guidance that I can apply within my own career in sales and client service.” - Kate Phillips



TEAMBUILDING FIRM EVENTS



Pzena understands that our success as a team is often strengthened by our comradery outside of the office. Firm-wide social events are an opportunity to get to know colleagues in a more informal environment outside of the office. These events also allow employees to build deeper connections with one another while having fun.

Pzena Challenge: Since the early days of Pzena, the annual Pzena Challenge has celebrated our employees' competitive spirit. This is considered the ultimate exercise in teambuilding and collaboration. Past Pzena Challenges have included a go-kart race, sports Olympics, and a New York City scavenger hunt, to name a few. The Pzena challenge was even adapted to a virtual event throughout the COVID-19 pandemic in order to continue the important tradition and bring the team together, despite challenging times.

Sporting Events: On an annual basis, Pzena US attends a professional sporting event to cheer on some of our favorite New York teams.

Cooking Class: Our London team organized an event in The Cookery School where they prepared a three course Middle Eastern menu. The Cookery School is recognized for their conscious practices. They hold a three-star rating – the highest possible – from the Sustainable Restaurant Association (SRA), and have held this rating since 2012, making them London's most sustainable cookery school.

Research Offsite: We encourage individual departments within the firm to get together for teambuilding events with their more direct colleagues. As an example, our Research team convenes annually for an offsite event, working with a moderator to engage in exercises to strengthen their skills and encourage high performance. This provides the team with an opportunity to reengage with one another and to discuss ways to increase efficiencies in their work. This year, the offsite took place at the Wave Hill Public Garden & Cultural Center in Bronx, NY. The team ended the day walking through the gardens and assisting with some weeding.

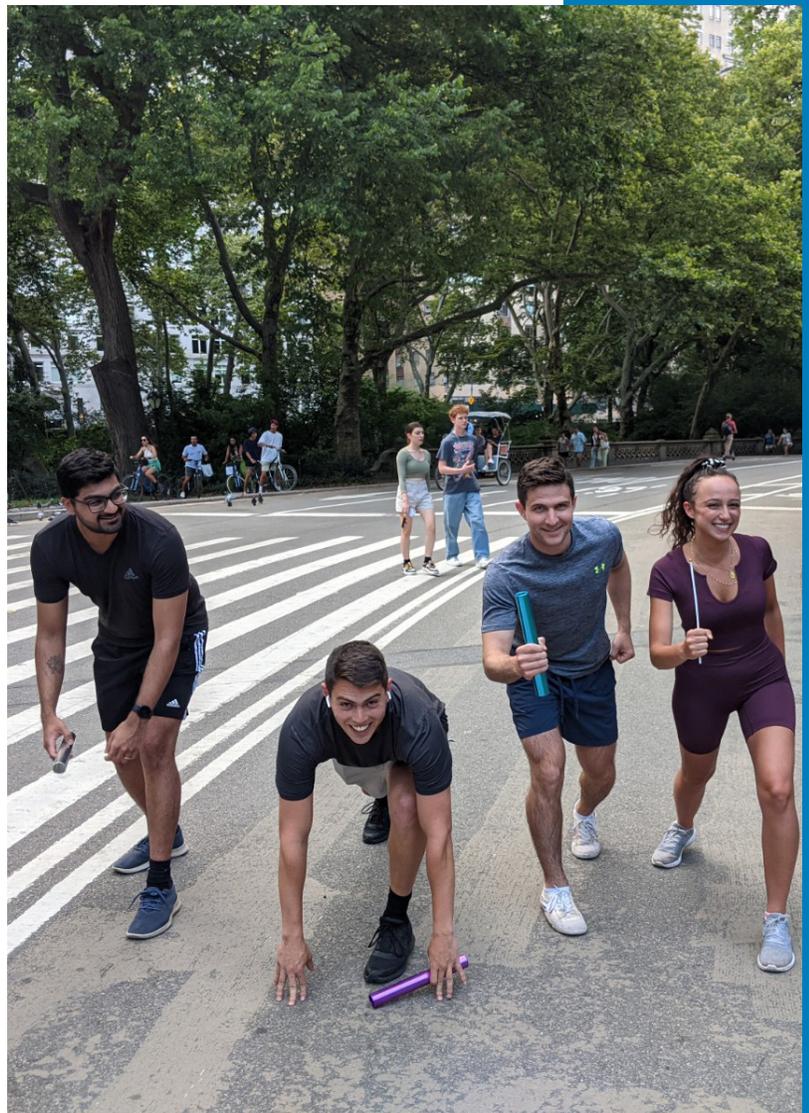


HEALTH & WELLNESS

Pzena instituted the Healthwise & Wellness email series, meant to promote a balanced work environment by periodically sharing resources on ways to maintain a healthy lifestyle. We believe that all Pzena employees should have the opportunity to prioritize their mental and physical health. In addition to sharing this information, we have also introduced resources across a few of our offices, including

- Quarterly chair massages
- Access to our private wellness room during working hours
- Wellness areas in our London offices that include quiet zones, peloton bikes, and meditation pods
- Yearly flu and covid vaccines available in the office

Relay Race: Members of our NY office lead a Central Park Relay Race for some light competition just ahead of the NY Marathon. The race is open to runners of all levels, and provides a great opportunity get outdoors and exercise as a team.





OUR ENVIRONMENTAL FOOTPRINT

THE PZENA ECO-COMMITTEE

Our Eco-Committee was established to find ways for the firm to minimize our environmental impact. The committee meets twice a year and is led by our Manager of Office Services and ESG team. The goal of the committee is to equip our employees with the knowledge and resources needed to make thoughtful decisions both in and out of the office. The committee prioritizes projects that are efficient and relatively easy to implement, in order to optimize our operations in ways that are still fairly convenient for our employees day-to-day.

Eco-Committee initiatives in our NY office include

- Bike accessibility
- Eliminating single use plastics such as cutlery, straws, and cups
- Introducing biodegradable cutlery and compostable single use cup lids
- Reducing single use coffee and recycling single use coffee packaging
- Paper recycling
- Can crushing to reduce waste volume

We work with the managers of a number of our office buildings to ensure that we are operating sustainably. Our New York offices are LEED Certified Gold. In London, we work in an Uncommon workspace. Uncommon continuously upholds a sustainable vision, developing an ESG strategy and setting targets for future decarbonization in their business.

GROW NYC

Colleagues from our New York office visited the GrowNYC Teaching Garden on Governors Island to learn more about the potential of urban farming. The team worked together to plant, water, and harvest the crops on site that are eventually donated to food pantries throughout New York City.



PZENA GIVES BACK



CHARITABLE GIVING

Our Executive Committee established the Pzena Investment Charitable Fund as a means to make charitable donations both on behalf of, and together with, our employees. The Charitable Fund makes a direct donation to organizations chosen by our employees, and it also matches employees' personal contributions of both money and time to charitable organizations. Recently, we've also partnered with Charity Miles, a program that allows employees, through physical activity, to raise money for their choice of over 50 organizations. Through these charitable programs, we have an opportunity to affect change in the communities and organizations that are important to our employees.

As our firm headquarters are located in New York City, significant donations have been made to organizations benefiting local communities in the northeast region of the United States. However, our program has benefited other local, national, and international organizations as well.

In total for 2023, Pzena has donated approximately \$2,565 per employee to approximately 150 organizations including educational and religious institutions, medical centers, local non-profits, and organizations combatting social injustice.

Charitable Giving Breakdown

\$50k

Matching

\$350k

Giving

CHARITABLE FIRM EVENTS

Pzena hosts a series of annual and one-off charitable events throughout the year to help give back to good causes. Below are some examples from 2023:



New York Cares

Pzena partnered with New York Cares to host our firm-wide volunteer event. Pzena helped in setting up, directing, and executing a high energy field day for students at a local school. Activities included an obstacle course, relay race, cornhole tournament, tug-of-war, and several rounds of competitive basketball. Many of our Pzena volunteers met their match on the court!

Charity Bake Off

Our New York office looks forward to the Charity Bake Off each year, inspired by the Great British Bake Off. It is an opportunity for our culinary-minded employees to show off their skills and submit baked goods for competition. Submissions are judged on overall presentation, taste, and creativity. The top 3 winners of the bake off are given prize money to donate to a charity of their choosing.

Meals on Wheels

Our Research team participated in Meals on Wheels, an organization that addresses senior citizen food insecurity and well-being through meal delivery and social connection. With 29 team members, we were able to divide and deliver, bringing prepared meals to those in need on the Upper East Side of Manhattan.

Wear Pink Day

To raise awareness for Breast Cancer Awareness Month, the firm donated \$500 to the American Cancer Society for every employee who participated in our “Wear Pink” day.

The Light House

Employees based in our Dublin office visited The Light House, an organization that works with low income individuals, and those experiencing homelessness, to provide food, supplies, and clothing

LOOKING AHEAD

While we are proud of what we have accomplished as a firm, we recognize corporate social responsibility requires continuous effort and improvement. We will continue to periodically assess our priorities to ensure they are keeping pace with the evolving expectations of our stakeholders. We will continue to discuss these issues with our clients and the companies we invest in, and what we learn from those discussions will inform our thinking over time. Most importantly, we will continue to live by the values we believe are important as an organization and to build on our progress to date.

FURTHER INFORMATION

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