

DECATUR ESG IMPACT REPORT

GLOBAL PROXY TRENDS Environmental, Social, & Governance Impacts

Decatur Capital Management, Inc. (DCM) believes that responsibly voting proxies is an effective approach for shareholders to impact long term performance and reduce risk to their invested capital. Decatur's ESG

...VOTING PROXIES IS AN EFFECTIVE APPROACH
FOR SHAREHOLDERS TO IMPACT LONG TERM
PERFORMANCE.

proxy policy focuses on several issues, to include: labor and human rights, health and safety, business ethics, board diversity, and the environment.

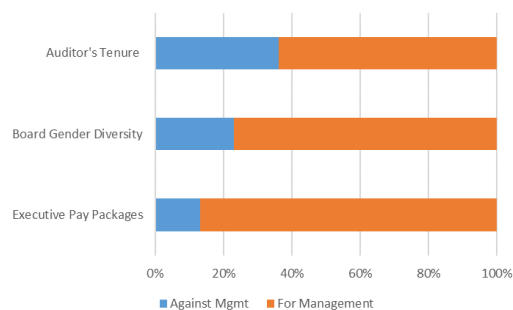
On the majority of corporate issues, we believe that corporate officers act in the shareholders' best interest. Our voting of proxies allow our clients the ability to hold corporations accountable for their corporate actions. Therefore, there are instances where we will vote against management's recommendation based on the impact that key areas may have on investment performance.

Since launching our proxy policy, we have voted against management on approximately 25% of the ballots of firms that trade on the U.S. exchanges, while in our Developed Markets ex-US strategy, we voted against management 12% of the ballots.

Proxy Votes for U.S. Firms

In the U.S., the three most prevalent proxy vote issues where we voted against management were insufficient gender diversity on boards, executive pay packages, and

the renewal of auditors whose tenure exceeds twenty years.



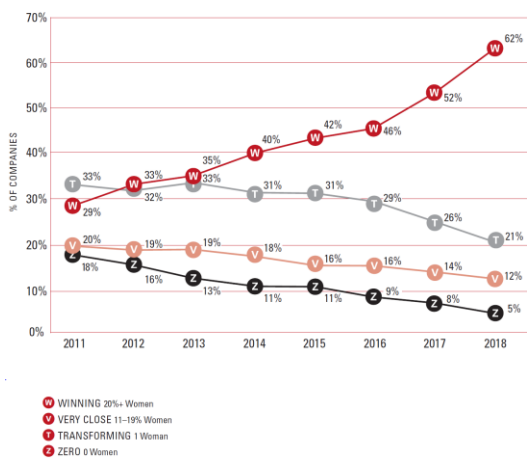
Gender Diversity of Corporate Boards

In this edition of the newsletter, we will focus on diversity of corporate boards for firms that are listed on the U.S. stock exchanges. We voted against management's recommendation on board appointments if less than thirty percent of the board is comprised of women. We have been asked by clients if our votes against management have been successful. Regrettably, management prevailed and was able to appoint board members that were not women. However, the long term effect of this approach is starting to make an impact. Since the drive to obtain greater diversity of boards was initiated by various shareholder groups, a growing number of women and ethnic minorities have been appointed to boards.

The 2020 Women on Boards Gender Diversity Index (GDI) is an annual review of the gender diversity on boards of directors in the Fortune 1000. The chart shows that in 2011, there were approximately 29% of Fortune

1000 firms with 20% or more women board members. By 2018, that number grew to approximately 62% of Fortune 1000 firms with 20% or more women board members. In 2018, there were approximately 50 firms or 5% that had zero women board members.¹ The Fortune 1000 represents the largest 1000 U.S. firms by revenue.

2011-2018 TRENDS FORTUNE 1000



Source: The 2020 Women on Boards Gender Diversity Index

As fiduciaries, we should evaluate if greater board diversity can potentially have a positive impact on a firm’s performance. Several studies have identified that greater board diversity may improve a firm’s performance.

One study analyzed how the Fortune 500 firms’ board committee impacted a firm’s performance. The study concluded that there is positive relationship with greater diversity of corporate board committees, such as the audit committee and firm financial performance². McKinsey & Company 2018 report on ‘Delivering through Diversity’ found that firms with gender, ethnic and cultural board diversity in the top quartile were more likely to have above average profitability than companies in the bottom quartile in board diversity. Firms with greater diversity, on the board and throughout the workforce, aids in recruiting top talent, improves

customer orientation, and decision making.³ Also, another reason that boards with greater diversity may outperform is that these boards may have a greater focus on ethical standards and corporate sustainable responsibility.⁴

Based on our research, we believe that greater gender diversity can be positive for firm performance. The impact of diversity on corporate governance is an innovative factor that we will continue to evaluate on behalf of our clients.

¹The 2020 Women on Boards Gender Diversity Index(GDI) (2018). Available at www.2020wob.com

²Carter, D, D’Souza, Simkins, B, Simpson, G. The diversity of corporate board committees and firm financial performance (March 2007). Available at SSRN:<http://ssrn.com/abstract=972763>

³McKinsey & Company. Delivering through Diversity (January 2018). Available at www.McKinsey.com

⁴Dworkin T, Schipani, C. The role of gender diversity in corporate governance (December 2018). Available at SSRN: <http://ssrn.com/abstract=3369660>

Important Disclosure: The views expressed are those of the authors as of the date referenced and are subject to change at any time based on market or other conditions. Decatur Capital Management engages the services of a proxy advisory firm to assist with voting proxies in accordance with clients’ objectives. These views are not intended to be a forecast of future events or a guarantee of future results. These views may not be relied upon as investment advice. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is for informational purposes and should not be construed as a research report. If you are interested in additional information regarding Decatur Capital Management please refer to the firm’s website, www.decaturocapital.com.