

## Position Paper: Environmental, Social, and Governance Policy

This position paper outlines Southeastern’s policy on environmental, social, and corporate governance (“ESG”) matters, within the context of our longstanding engaged, partnership approach. The paper also outlines related topics of conflicts of interest, advocacy for long-term investors, reporting, and proxy voting.

### Southeastern Overview

Southeastern Asset Management is an independent, global investment firm. Since 1975 we have invested in undervalued public companies using a proven partnership approach that includes collaborative engagement with management teams. We make long-term investments in a concentrated number of strong businesses, managed by good people, trading at deeply discounted prices relative to intrinsic value.

We invest as long-term owners, not short-term traders. As business owners, we engage in collaborative, constructive relationships with our corporate management partners to support long-term value creation. We bring decades of investment experience with an extensive global network of investor and industry contacts, as well as significant, stable, aligned capital.

Our partnership approach extends to our clients through the Longleaf Partners Funds, where we are collectively the largest shareholders, subject to the same fees and results as our partners. This unique partnership between our employees, clients, and company managements, has been key to our long-term success in protecting capital from permanent loss and delivering strong absolute returns.

### Environmental, Social, and Governance Matters

The efficient allocation of capital contributes to the wellbeing of society and is a vital responsibility that Southeastern undertakes in our partnership with clients. Southeastern recognizes the overall benefit to society when its portfolio companies act in a responsible manner. Being good corporate stewards is also simply good business. Therefore, as a general policy, Southeastern will be supportive of proposals that, in our opinion, would further ESG causes. These factors are assessed by the research team as part of their bottom-up due diligence on every company. However, such areas can be highly subjective and can, at times, be in conflict with what we consider to be in the long-term best interests of the shareholders. Therefore, Southeastern will give due regard to such proposals and will consider these matters on a case-by-case basis through our bottom-up research approach.

Environmental and social issues are often important factors in our assessment of the long-term sustainability of a company's business model and are therefore key considerations in our "Strong Business" criteria. Engaging with management teams to assess whether they meet our "Good People" criteria and to ensure best-in-class corporate governance is core to our investment philosophy. Our distinct engaged, partnership approach is described below.

We welcome an ongoing conversation with our client-partners on any matters concerning our holdings. If individual clients have specific ESG concerns, they can exclude selected stocks from their portfolio.

### Our Engaged, Partnership Approach

We believe business owners have a responsibility to engage with corporate partners to ensure long-term value creation for shareholders. In the 1973 edition of [The Intelligent Investor](#), Ben Graham admonished investors for not holding corporate management accountable as he wrote, "Ever since 1934 we have argued in our writings for a more intelligent and energetic attitude by stockholders towards their managements."

Given our significant personal stake in our Funds and our concentrated portfolios, Southeastern invests as an engaged owner of a business, not a trader of a security. We often are among a company's largest shareholders and are interested in the long-term success of the business.

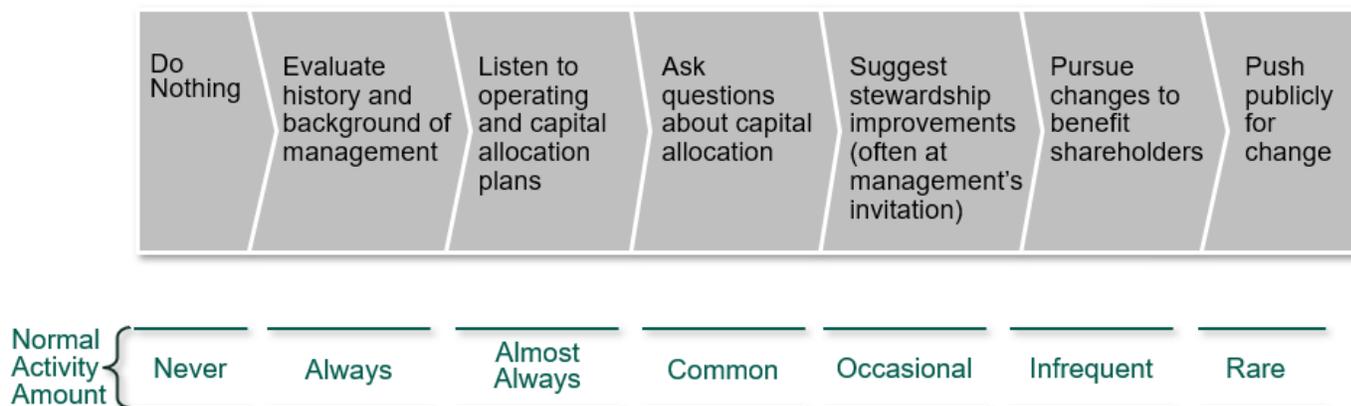
As an engaged owner, Southeastern seeks to partner with management. We build collaborative, constructive relationships based on sharing ideas with a common goal of building long-term value per share. Southeastern's engaged ownership benefits our partners. Our 40 years of investment experience and deep industry and investor network yields access to ideas, intelligence and contacts that are helpful to managements as they evaluate and implement plans. Southeastern's long-term approach and stable, aligned capital enables us to provide valuable support.

We prefer a behind-the-scenes, collaborative approach to engaging with our corporate partners over the publicly fought, confrontational "activist" strategies that have become increasingly popular. In cases where our private engagement is not yielding results, we occasionally voice our views publicly if we think our efforts can be successful in either improving a company's ability to achieve long-term success, or protecting shareholders against actions that materially damage value.

An important part of our investment discipline is to consistently challenge and update our investment case and appraisal for each business. If a company has consistently underperformed over 18 months, it generally comes up for review by an internal "devil's

advocate,” (DA) who will take a fresh, unbiased look at the business and management. As a result, the team may consider pursuing an escalation strategy to increase our engagement efforts along the spectrum illustrated below. In cases where we determine that management is not shareholder oriented and the work to change our corporate partners or their thinking will be unsuccessful, we will exit the investment.

### *Levels of Our Engagement with Corporate Partners*



### Conflicts of Interest

Our unique Code of Ethics requires all Southeastern personnel to use the funds managed by Southeastern as the sole medium for investing in publicly offered equity securities, thereby aligning our interests with our clients’ and minimizing potential conflicts. Deviations from this investment policy must be either under a delineated exception or approved by the Code Compliance Committee. As required by U.S. federal law, Southeastern’s Code of Ethics prohibits our personnel from trading in a company's securities or derivatives thereof, whether on behalf of clients or themselves, while in possession of material, non-public information about the company and from communicating that information to others.

*Please see appendices Code of Ethics and Conflicts of Interest Policies.*

### Advocacy for Long-Term Investors

Our actions to protect shareholder value extend beyond our specific investments. Southeastern has taken an active stance in advocating for fair and transparent capital market practices. Taking the long-term view to owning businesses requires that we access the capital markets to build equity positions. We believe capital markets exist to facilitate the transfer of capital between long-term investors and businesses. Securities and Exchange Commission (SEC) regulations are designed to promote fair, transparent, and

accessible markets. Recent advances in technology, however, have enabled select short-term traders to gain structural advantages over other market participants. In April 2014, we wrote a paper detailing Southeastern's perspective on market structure and high frequency trading. The paper also covers our engagement with the SEC, the U.S. Department of Treasury, and the CFTC-SEC Advisory Committee on Emerging Regulatory Issues. That paper is available on our website at <http://southeasternasset.com/thought-pieces/southeasterns-perspective-on-market-structure-and-high-frequency-trading>.

We continue to pursue ways to promote a fair market for all investors.

### Proxy Voting

As an investment adviser registered with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 (the "Advisers Act"), we must adopt and implement written policies and procedures that are reasonably designed to ensure that Southeastern votes client securities in the best interest of clients.

Upon request, we will provide any private account client with a copy of these proxy voting policies and procedures, as well as complete information on how we voted proxies of companies in the client's portfolio. We also publicly file how we vote the U.S. mutual funds that we manage.

*Please see appendix Proxy Voting Policy.*

*All referenced appendices are available upon request.*

*Further information about Southeastern Asset Management can be found in our ADV Part 2, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Past performance does not guarantee future results.*