

March 2020

Fairpointe Capital LLC

ESG INVESTMENT POLICY

Fairpointe Capital's investment strategy is designed to provide clients with superior investment results over the long term. Our main objective is to outperform our relative benchmarks, the broader indices, and our peers over a full market cycle while managing downside risk.

We employ a disciplined, fundamental, bottom-up valuation-based process to select companies that are inefficiently priced relative to their earnings growth outlook. We prefer companies whose products or services make their customers more efficient or profitable and are critical to their success. We look for companies with the following characteristics:

- Compelling business model
- Effective management
- Financial Strength
- Attractive Valuation

Fairpointe defines ESG as the integration of Environmental, Social and Corporate Governance factors into our investment analysis of portfolio companies. We assess the materiality of various ESG concerns that may impact a company's financial outlook as well as its reputation.

The firm's investment team incorporates structured ESG analysis with our bottom-up, fundamental valuation-based approach to investing. We seek companies that adhere to principled corporate governance practices, are environmentally accountable and socially responsible. Based on our assessment of these factors, we determine the suitability for inclusion into our portfolios. We will invest in companies we have determined to have strong ESG records and avoid those with inferior rankings. We will also consider including companies with improving trends where we believe the ESG concerns are being addressed. We utilize third party ratings services to aid our research, but ultimately, determine our own internal rankings of each company. Our end goal is to select companies with favorable ESG characteristics that are inefficiently priced relative to their earnings growth outlook over the next three to five years.

FIRM STRUCTURE

Fairpointe Capital is 100% employee-owner, and majority women-owned. It is organized as a partnership, with our CIO and founder owning the majority of stock. However, a transition process of ownership and succession has commenced, with shares being allocated to key personnel.

INTERNAL ESG EFFORTS

Fairpointe Capital takes our corporate ESG efforts seriously. In addition to the investment actions that are provided above, we have a committee to look at means to improve our firm's performance.

Environmental

Fairpointe Capital works to reduce the firm's environmental impacts. Efforts include: paper and plastic recycling, battery and toner recycling, encouraging employee use of public transit through pre-tax qualified transportation benefits, discouraging the use of disposable dishes, use of conference calls instead of travel when possible, indoor plants to help clean and cool the air, and provision of filtered water instead of bottled.

Social

Fairpointe Capital is a majority woman-owned firm that offers excellent working conditions, employee compensation and benefits. In addition to corporate charitable donations, the firm offers matching donations so that employees can donate to their charities of choice. The firm supports volunteerism and Rock the Street, Wall Street, a financial literacy program for girls.

Governance

Fairpointe has an extensive privacy and data security policy. Audits by an outside firm are performed annually and have eight years of unqualified opinions. In addition, we believe our investment in companies and voting of proxies gives us a voice to improve corporate behavior.

We believe that both our internal and community actions should reflect the values that we require for companies we hold in our portfolio.