



UK Modern Slavery Act Statement

Pzena Investment Management – Modern Slavery Act 2019 Statement

This statement is issued by Pzena Investment Management, LLC on behalf of itself and its UK subsidiary, Pzena Investment Management Limited, pursuant to section 54 of the UK Modern Slavery Act 2015 in respect to the financial year that ended 31 December 2018.

Pzena Investment Management, LLC is a global investment management firm with headquarters in New York City and business development offices in London and Melbourne. We apply a classic value approach to investing that requires a commitment to research-driven stock selection. Our team focuses on research that yields a deep understanding of the long-term prospects and intrinsic value of a company.

We believe our success and reputation depends on both the quality of our products and services, and on the way we conduct business. Therefore, we aim to be a responsible corporate citizen with a strong adherence to environmental, social, and governance standards. Responsibility, sustainability, and respect for human rights are integrated into our business and due-diligence models and in the way we serve our clients and manage our investments.

We believe that given the nature of the services that we offer that the risk of our involvement in modern slavery and human trafficking is low.

Our Investment and Proxy Voting Process:

As long-term investors, we seek to buy good businesses that are built and managed to deliver superior long-term value, and we are committed to engaging meaningfully and openly with companies – including on material environmental, social, and governance (“ESG”) issues – to realize that goal. We became a signatory to the Principles of Responsible Investing (“PRI”) in early 2018 and added a dedicated ESG Analyst to our research team in April 2018.

We believe that the PRI principles are broadly aligned with our long-term classic value investment approach, which is inherently contrary to short-term pressures in markets and corporate management. Market interests in ESG and sustainable investing has evolved in part in reaction to perceived excessive short-term pressures, a concern which we share and to which we believe our deep analysis, strict valuation discipline, and significant patience offer an alternative.

We have always believed that ESG factors, where material to a company’s operations from a risk or an opportunity perspective, have the potential to impact future profitability and shareholder returns. Consistent with this belief, since we began managing assets in 1996 our research process has taken relevant ESG factors into consideration, throughout our research review process as well as in engagement with company management. Our approach to ESG analysis is best described as integration, wherein material ESG risks and opportunities are a primary and transparent component of our fundamental investment analysis. We do not conduct explicit ESG screening – either positive or negative – as a primary ESG strategy, and instead we view integration as a more active approach to understanding ESG issues as potential drivers of long-term performance and profitability. We also view active ownership, as opposed to exclusion, as a valuable opportunity to leverage our role as long-term shareholders to encourage positive change. In line with these beliefs, while we have access to a variety of third-party ESG performance ratings, we view these as a supplemental resource to our own independent evaluation and resulting investment conviction, founded in a deep understanding of the companies and industries in which we invest.

We thoughtfully consider ESG factors in how we vote proxies on behalf of our clients. To support our proxy voting process, we subscribe to Institutional Shareholder Services’ (“ISS”) proxy monitoring and voting agent service, which includes informative ESG analysis inclusive of human rights matters. However, we retain ultimate authority for instructing ISS how to vote proxies, and apply our own proxy voting guidelines which reflect the values of our integrated ESG approach. If it appears that a material conflict of interest has arisen – especially regarding ESG and human rights – our guidelines include procedures for addressing such conflicts, including deferral of the recommendation to ISS where appropriate.

Our People:

We take seriously our responsibility to respect the human rights of our employees and strictly comply with applicable employment regulations in the jurisdictions in which we operate.

We respect the rights of our employees to enjoy just and favorable work conditions, including health and safety protections, and are committed to providing adequate information and training on health, safety and wellbeing issues.

We also promote diversity and inclusion by prohibiting all forms of discrimination based on age, race, nationality, ethnic origin, gender, sexual orientation, religion, marital status, or disability between our potential, current, or past employees.

In addition, all employees are made aware of the important role that they play in upholding our high standards of conduct through our Employee Handbook.

Our Operations:

We are a purchaser of products and services for the purposes of our internal operations. Our supply chains include providers of financial services data and software, and providers of business services including travel, hospitality, catering, and office supplies and services. We are committed to ensuring that our supply chain is free of human trafficking and modern slavery. We have incorporated these matters into our vendor management and due diligence process and highlight any areas of concern, such as modern slavery risks, to our Vendor Committee, with escalation to senior management as appropriate. In the event our concerns with any supplier are not resolved to our satisfaction, we reserve all options, including termination of our relationship with the relevant supplier.

This statement has been approved by the Executive Committee of Pzena Investment Management, LLC.

Richard S. Pzena
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Pzena Investment Management, LLC

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