Ariel Investments

2023 ESG REPORT



Ariel Investments

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2023 ESG REPORT

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Information herein is as of December 31, 2023 unless otherwise indicated.

Our Values

Active Patience®

Good outcomes take time. While patience may suggest stasis, such rigorous discipline in fact requires constant, dynamic engagement. We are diligently and continually assessing changing conditions, identifying undervalued opportunities, making connections to glean new insights and setting more ambitious goals. Relationships that have been cultivated over decades enable us to benefit from a myriad of perspectives.

Independent Thinking

Different is our advantage. In a world where fitting in feels better than standing out, generic viewpoints and hollow information reign supreme. We seek to develop our own unique insights and are comfortable being uncomfortable—which is key to realizing long-term value. Our contrarian views result from meticulous, fundamental, bottom-up research. Analyzing and questioning every position means that when we choose, we do so with knowledge and conviction.

Focused Expertise

We go deep. Jacks of all trades need not apply. As someone once said, "An expert is someone who knows more and more about less and less." Decades of accumulated knowledge in our core competencies mean we can draw upon a treasure trove of experience when considering every decision. While our approach is time-tested, our learning is never done.

Bold Teamwork

Confident humility holds us together. No one person is sufficient to our clients' success. We can only win as a team, and we know diverse teams drive better outcomes. As we seek to leverage our collective intelligence, we encourage our colleagues to be courageous when engaging with each other. Silence can be dangerous, and acquiescence can breed mediocrity. Candor builds trust and respect.



While our approach is time-tested, our learning is never done.

Firm Facts as of December 31, 2023

Chicago | New York | San Francisco | Sydney

41 Years	130 Employees
$14.9 Billion in Assets	5 Mutual Funds
5 Market Cycles	95.2% Employee and Board Ownership
11 Separate Account Strategies	2 Private Funds
100% Assets Under Management Covered by our ESG Policy	

Teammates include Ariel Investments and its affiliated entities.

Assets under management include $1.48 billion for Ariel Alternatives, a subsidiary of Ariel Investments, which reflects aggregate commitments and excludes fund-specific leverage. Private Funds total includes Ariel International DM/EM LLC and the Ariel Alternatives' private fund.

Ariel has adopted one ESG Policy for its equity investments that sets minimum ESG research and analysis standards, and another for its Ariel Alternatives business. However, not all of Ariel's strategies adopt the same ESG investment restrictions and/or guidelines. The ESG Policies are available on our website, https://www.arielinvestments.com/environmental-social-and-governance/.



Dear Friends:

Ariel celebrated its 40th anniversary in 2023—a proud milestone for the country's first African American-owned mutual fund company. Our firm was founded on the principles of diversity, equity and inclusion (DEI). And our long business track record exemplifies that strong Environmental, Social and Governance (ESG) and DEI practices can help drive success.

Yet in today's polarized environment, ESG and DEI once again face increasing challenges. It reminds us of 1995, when we addressed the issue in *The Patient Investor* in an essay entitled *The Diversity Debate.* At the time, we wrote:

> *For years now, this complicated discussion has elicited a plethora of profoundly differing opinions…However, in the face of sweeping changes in our nation's political landscape, an issue that has simmered on the back burner of America's social conscience has not only been thrust to the front of the stove, it has also quickly come to a boil. We would argue that this debate is an important one because its ramifications not only touch on moral and ethical issues, but it has sweeping implications for the future of American business…In the long run, we feel diversity is a winning strategy.*

Our lived experience and a mountain of business school case studies have shown that diversity is indeed a winning strategy. In over four decades in the investment business—overseeing and operating businesses—we have learned that thoughtfully understanding and managing ESG risks allows for better decision making and better outcomes. That is why we are alarmed by the growing efforts to eliminate ESG and DEI considerations and practices.

This is not to say that there is no room for improvement; greenwashing remains a problem in our industry, as does an overreliance on third-party ESG ratings. When used as marketing tools, ESG and DEI fall short. When these ideals are incorporated into true business and investment deliverables, we all reap their rewards.

We strive to live the principles of ESG and DEI at Ariel. The vast majority of our firm is owned by minorities and/or women. Similarly, our company, mutual fund and Alternatives boards stand out for their gender and ethnic diversity. Moreover, nearly two-thirds of Ariel's senior leadership team are made up of women and people of color, making diversity one of our key competitive advantages.

Throughout this report, we highlight our foundational views and achievements. We continue our long-standing commitment to incorporating ESG-related factors throughout our investment process and living our values through our people, operations and culture. We also showcase our 2023 accomplishments across the four pillars of Ariel's Active ESG approach to investing:

- **Focused Approach to ESG Research**—Recognizing ESG issues can be material to business results.
- **Engagement Drives Outcomes**—Encouraging improvement on disclosure and management of financially material ESG issues at our portfolio companies.
- **Progress Through Profits**—Aiming to close the wealth gap and drive economic growth within underrepresented communities by scaling minority businesses that can serve as Tier 1 suppliers to Fortune 500 companies through Ariel Alternatives' Project Black®.
- **ESG Personified**—Holding ourselves to the same standards we seek from our portfolio companies.

Despite our long history as responsible investors, there are still many opportunities to learn and improve. In 2023, we strengthened our proxy voting policy and expanded our disclosure. We were pleased the UN Principles for Responsible Investment (PRI) awarded our portfolios top scores of four and five stars across all modules.[1] And we launched a partnership with Climate Vault to report on and neutralize our scope 1 and 2 emissions firmwide.

As we enter our fifth decade, we use our proprietary approach to ESG and DEI to diligently serve our clients, make a lasting impact on our communities and advocate for positive change in our portfolios and in our larger world. Undeterred by shifting political winds, we remain committed to these time-tested ESG principles because they are in our DNA and their benefits to Ariel and our clients are so clear. *At Ariel, ESG is foundational, not a fad.*

We appreciate your consideration and support of our Active ESG efforts.

Sincerely,

John W. Rogers, Jr.
CO-CEO AND CHIEF INVESTMENT OFFICER

Mellody Hobson
CO-CEO AND PRESIDENT

[1] Ariel became a signatory to the UN Principles for Responsible Investment in June 2020 and as such, is required to publicly report our responsible investment activities each year. The public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period, which reflects calendar year 2022 data. In its 2023 UNPRI signatory assessment, Ariel received the maximum Five Stars for the asset class module Listed Equity. Of note, our score of 94% exceeded the median PRI signatory level by more than 20%. Ariel received Four Stars for the Policy, Governance and Strategy module and Four Stars for the Confidence Building Measures module.

ESG Our Way—What Makes Us Different

Engagement Drives Outcomes

Building long-standing relationships with the leadership of our portfolio companies is a cornerstone of our research efforts. Our Active ESG philosophy seeks to meet our companies where they are and to support and encourage disclosure and management of material ESG issues. We focus our engagement on companies that may be earlier in their ESG journeys or those with room for improvement. Through our efforts, we have had significant impact. For example, more than 55 of our portfolio companies have added diverse board members following our engagement. We are also tracking engagement outcomes related to climate risk, supply chain transparency and other areas.

Focused Approach to Research

Ariel has long been at the forefront of responsible investing. We strongly believe ESG performance is critical to investment success over our long-term time horizon. Since the 1980s, we have incorporated social screens and made environmental due diligence a core part of our research. In 2018, we established a dedicated ESG team and developed proprietary ESG Risk Ratings[1] to deepen the role of ESG in our investment process. We look for management teams who understand sustainability-related issues matter for employees, suppliers, customers and other stakeholders. In our view, these companies are more likely to be profitable and deliver long-term shareholder value.

ESG Personified

Our commitment to ESG goes far beyond our investment policies and practices. We live our values every day through our people, operations and culture. As the first African American-owned mutual fund company in the United States, we seek to embed principles of DEI across all aspects of our organization. We are proud of our industry-leading diversity across our leadership team, boards and our company overall. And on the sustainability front, Ariel's Green Team promotes environmental best practices internally, such as reporting greenhouse gas emissions and promoting efforts to reduce or neutralize our overall impact.

Diversity from Day One

At Ariel, diversity is not aspirational, it is foundational. Ariel's culture was built on the conviction that diverse perspectives lead to better decision making, which we believe leads to better outcomes. Over forty years later, this conviction is stronger than ever. The wide range of experiences, backgrounds and viewpoints across our teams gives us a competitive advantage that enhances the financial futures of our clients. When our teammates feel they belong and are valued, they do their best work. Inclusion is not a goal for us to achieve; it is how we achieve our goals.

EMPLOYEE BREAKDOWN[2]

GENDER	SENIOR LEADERS	TOTAL EMPLOYEES	ARIEL BOARD OF DIRECTORS	ARIEL MUTUAL FUND TRUSTEES	ARIEL ALTERNATIVES BOARD	U.S. CENSUS
FEMALE	43%	51%	50%	25%	20%	51%
MALE	57%	49%	50%	75%	80%	49%
RACE/ETHNICITY						
ASIAN	13%	12%	10%	0%	0%	6%
AFRICAN AMERICAN	33%	29%	50%	63%	80%	13%
HISPANIC	7%	12%	10%	0%	0%	18%
WHITE	47%	44%	30%	37%	20%	68%
TWO OR MORE RACES	0%	3%	0%	0%	0%	7%

[1] The Domestic, Focused and Global investment teams assign a proprietary ESG Risk Rating while the Emerging Markets Value (EMV) team develops a proprietary ESG view for all holdings and prospective investments.

[2] Data provided is as of December 31, 2023. Percentages rounded to the nearest whole number. U.S. demographics according to the Census Bureau American Community Survey (ACS) 5-Year Average for 2017-2021, will not total 100%.

Highlights

Organization

- **Celebrated Ariel's 40th Anniversary** with a gathering of private and public sector leaders at the Smithsonian National Museum of African American History and Culture in Washington, D.C.
- **Closed Ariel Alternatives' inaugural $1.45 billion Project Black® fund** and completed the acquisitions of My Code Media, a leading multicultural media and marketing services company, and CQ fluency, a healthcare translation and communication solutions provider.
- **Welcomed a deeply experienced and diverse Emerging Markets Equities team** led by Henry Mallari-D'Auria, CFA®.

Governance, Reporting and Transparency

- **Attained top scores of Four or Five Stars** across all modules from the PRI, which manages the world's largest independent ESG reporting and assessment framework with over 5,000 signatories.[1] [2]
- **Received *Morningstar's Sustainability Rating™*** of four or five globes for four out of five of our mutual funds. Three out of five received its Low Carbon Designation™. [2] [3]
- **Published our first Task Force on Climate-Related Financial Disclosures (TCFD)-aligned report.**[4]

Advancing the Conversation

- **Conducted our Black Investor Survey,** which found middle-class Black Americans are at their lowest participation in the stock market compared to their white counterparts since the survey began over 25 years ago.
- **Hosted our 21st Annual Black Corporate Directors Conference** to discuss diversity and civil rights issues in corporate governance with over 200 directors in attendance.
- **Provided recommendations to the Small Business Administration (SBA)'s Council on Underserved Communities (CUC)** on addressing economic inequality and strengthening the minority and women-owned business communities.

ESG Personified

OUR TEAMMATES

- **Launched office "bales"**—the term used to describe a group of turtles—to foster a greater sense of community and strengthen connections across Ariel departments and office locations.
- **Formed a partnership with Climate Vault** to report on and neutralize Ariel's scope 1 and 2 emissions.

OUR COMMUNITY

- **Congratulated 44 graduates of Ariel Community Academy,** which we have supported since 1996. More than half of the students opened 529 college savings accounts funded by proceeds from the Ariel Investment Program.
- **Doubled the investment in the Ariel Community Academy investment accounts** from $20,000 to $40,000 per year in honor of the firm's 40th anniversary.

[1] More information on the assessment methodology can be found on PRI's website, "How investors are assessed on their reporting" and a companion document explaining the assessment of each indicator.

[2] Ratings, rankings and awards shown herein may not be indicative of Ariel's investment performance, or any future investment performance or sustainability accomplishments. Ariel has sourced these ratings, rankings and awards from third party providers. We have not solicited or paid for any of these ratings, rankings and awards. The rating, ranking or award may not be representative of any client's individual experience.

[3] Morningstar's Sustainability Rating™ as of December 2023. The Morningstar Sustainability Rating is intended to measure how well the issuing companies or countries of the securities within a fund's portfolio are managing their financially material ESG risks relative to the fund's Morningstar Global Category peers. Morningstar assigns Sustainability Ratings by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating, proportional to the relative weight of the (long only) corporate and sovereign positions. Please click on http://corporate1.morningstar.com/SustainableInvesting/ for more detailed information about the Morningstar Sustainability Rating methodology and calculation frequency.

[4] The report is available on our website, https://www.arielinvestments.com/wp-content/uploads/2024/09/TCFD_esg_FINAL-2023.pdf.

Our Road to Progress

A Look at Ariel's Milestones over the Years

1983

Founded as the first African American-owned money management firm in the United States

1986

Partnered with The Calvert Group to distribute our flagship Ariel Fund

1987

Managed South Africa free portfolios to end Apartheid

1989

Incorporated environmental research and due diligence into equity research process

Adopted negative weapons screen

1990

Joined the Sustainable Investment Forum (US SIF)

1996

Established Responsible Investment Policy including environmental and social considerations

Adopted negative screen on tobacco companies for Domestic portfolios

Founded Ariel Community Academy

1998

Launched Ariel-Schwab Black Investor Survey

2002

Incorporated environmental and social considerations in proxy voting guidelines

Co-founded the Black Corporate Directors Conference

2005

Introduced Focused Value strategy

2011

Launched International and Global strategies

2016

Founded the John W. Rogers, Jr. Scholars Internship Program at the University of Chicago

2018

Appointed Director of ESG Investing for Domestic strategies

Developed proprietary ESG Risk Ratings for Domestic strategies

2019

Expanded designated team of ESG professionals across Domestic and Global research teams

2020

Signed the United Nations Principles for Responsible Investment (PRI)

2021

Expanded ESG integration across all portfolios

Launched Ariel Alternatives

Began managing Schwab Ariel ESG ETF

2022

Launched Black Corporate Directors Study

2023

Closed Ariel Alternatives' inaugural $1.45 billion Project Black® fund with partners and co-investors

Launched Ariel Emerging Markets Value and Ariel Emerging Markets Value ex-China strategies



CBS News Anchor Vlad Duthiers moderated a conversation with Founders John W. Rogers, Jr. and Eddie C. Brown for the 40th anniversary celebration of Ariel Investments and Brown Capital Management, the two oldest African American-owned asset management firms in the United States. The event took place at the Smithsonian National Museum of African American History and Culture in Washington, D.C.

ESG RESEARCH

On the Record
1989

“The Fund’s Investment Advisor and Manager believe that there are long-term benefits inherent in an *investment philosophy* that demonstrates concern for the environment, human rights, economic priorities and international relations.”

~ 1989 Ariel Fund Prospectus



Active ESG

Over forty years of investing have taught us diligently executing and closely monitoring ESG practices can help preserve a company's economic moat[1], lead to growth opportunities, foster consumer loyalty and enhance brand relevancy. Corporate management teams embracing this reality are able to recruit top talent, advance their business strategies and innovate far more effectively than those that do not.

Our Active ESG approach recognizes sustainability-related issues as potentially material to business outcomes and views management teams as collaborative partners in strengthening ESG performance. As part of our fundamental investment process, each research team develops a proprietary ESG assessment, which integrates a company's risks and opportunities into our financial valuations. As a result, ESG considerations can directly impact portfolio construction.

New York Times | **'Do-Gooder' Funds That Make Money** | January 7, 1990



INVESTING/Robert W. Casey

'Do-Gooder' Funds That Make Money

They have grown in popularity, but some critics say their managers still lack experience.

Birth of a Catholic Bond Fund

ROBERT W. CASEY

"Growing numbers of [investors] are turning to planners, advisers and mutual funds that specialize in socially responsible investing...One rising star Mr. [George] Gay and many others do cite is John W. Rogers Jr., president of Ariel Capital Management of Chicago and manager of the Calvert-Ariel Growth Fund, a... small-company fund."

[1] An economic moat is a perceived competitive advantage that acts as a barrier to entry for other companies in the same industry, and this perceived advantage cannot protect investors from the volatility associated with stocks, incorrect assumptions or estimations, declining fundamentals or external forces.

ESG in the Research Process

Same Values, Different Approaches

Our deeply experienced ESG team applies the same rigor to our ESG analysis and execution as we do to our fundamental research. Our Domestic, Global and Emerging Markets Value teams follow a disciplined and practical approach to integrating ESG considerations throughout the investment process—something that we believe not only strengthens our financial analysis, but also enhances our long-term risk awareness.

For every new potential investment, each strategic group conducts a comprehensive ESG assessment that combines external research with proprietary insights to identify material issues in a company or industry. In addition, all three departments have a long-standing tradition of building mutually constructive relationships with management teams.

Yet one size does not fit all at Ariel; each investment strategy requires a tailored approach to ESG.

	STRATEGY	DOMESTIC	FOCUSED	GLOBAL	EMV
Firm	ESG Policy	•	•	•	•
	ESG Committee	•	•	•	•
Idea Generation	Employ Exclusionary Screens	•	•	○	○
Initial Review	Complete Initial ESG Assessment	•	•	•	•
Due Diligence	Initiate ESG Materiality Assessment	•	•	•	•
	Conduct Quantitative Assessment	•	•	•	•
	Perform Qualitative Assessment	•	•	•	•
	Assign Proprietary ESG Risk Rating	•	•	•	–
	Integrate ESG Assessment into Financial Valuations	•	•	•	•
	Exclude High ESG Risk Companies	•	○	○	–
Active Ownership	Engage Management Teams to Improve Results	•	•	•	•
	Track and Report Engagements	•	•	•	•
	Track Engagement Outcomes	•	○	–	–
Reporting	Report Strategy-Level Characteristics	•	•	•	•

○ At Client Request

Domestic Equities Team

In the world of small- and mid-cap U.S. company investing, we typically encounter less ESG disclosure and fewer dedicated people resources than we do in the large-cap space. Rather than relying on third-party ratings, we analyze new ideas and potential investments from multiple viewpoints: the primary analyst, who presents a balanced investment case, evaluating ESG considerations facing the company and industry in which it operates; the devil's advocate, who offers alternative viewpoints and is responsible for articulating the bear case and our dedicated ESG team, which works alongside the analysts to assess material ESG risks and opportunities.

For each company, we create an in-depth research report including a proprietary ESG Risk Rating (High/Elevated/Moderate/Low) informed by both qualitative and quantitative assessments of business model risk exposure and quality of disclosure, as well as management of material ESG issues. We formally integrate ESG Risk Ratings into the discount rates used in our valuations; companies with greater ESG risks will have a higher discount rate and thus a lower valuation profile. Our Domestic strategies exclude new companies ranked with a High ESG Risk. At the strategy level, our portfolio managers view proprietary ESG Risk Ratings on their daily buy/sell chart. These ratings are also discussed with the Investment Committee on a quarterly basis.

LEVEL OF ESG RISK RATING	
HIGH	Viewed as materially unfavorable to the median company
ELEVATED	Viewed as unfavorable to the median company
MODERATE	Base level of risk in line with the median company
LOW	Viewed as favorable to the median company

Additionally, the ESG team utilizes MSCI ESG Manager to review ESG incidents and controversies in real time and produces a portfolio-level dashboard to monitor these issues. The dashboard informs overall risk management and future research analysis as well as continued learning and engagement opportunities.

Each team maintains a customized approach to curating and integrating ESG data into its processes.

Global and Emerging Markets Equities Teams

As part of our bottom-up fundamental research process, our Global and Emerging Markets Value (EMV) investment teams develop a proprietary ESG view of a company, based on the team's assessment of the material ESG risks and opportunities facing the business and its industry.

Since sustainability-related issues are sector-specific, the company or sector specialist often conducts the ESG analysis, using both quantitative and qualitative tools and assessments. Our qualitative analysis typically includes reading research reports along with conversations with company management teams, sell-side analysts, key stakeholders, key opinion leaders and/or subject-matter experts. We also review trade, governmental and/or regulatory policies and publications. Our quantitative analysis utilizes data published by companies, third-party research and/or ratings from MSCI, news media reports, sell-side ESG research, non-government organization (NGO) reports, ISS and/or Bloomberg. The teams will also incorporate future taxonomy and disclosure standards developed by the EU and other countries.

For our Global strategies, our three-person validation team is responsible for assigning a proprietary ESG Risk Rating (High/Elevated/Moderate/Low) to each company, which is based on the group's assessment of industry exposure, disclosure and management of ESG issues. We utilize a portfolio-level dashboard to monitor ESG issues across the Global strategies as well as review and discuss our proprietary ESG Risk Ratings on an annual basis. Our Head of Investments, Global Equities, who has earned the FSA Levels 1 and 2 credentials administered by Sustainability Accounting Standards Board (SASB)—a non-profit offering the most widely used accounting standards for measuring and analyzing ESG disclosure in the United States—provides additional insight.

The EMV team integrates its ESG view into company research and, when material, into the financial forecasts. The lead analyst on a stock will present ESG controversies in the research review meeting, where the team and portfolio managers debate the investment thesis, scrutinize critical issues and quantify the bull and bear case as well as consider the catalysts for an inflection.

While both the Global and EMV strategies do not exclude any company based on ESG risks alone, the ESG assessments become part of the investment recommendation and thus can directly impact portfolio construction.

Exclusionary Screens | Now and Then

Now: Our Domestic portfolios avoid companies whose primary source (more than 50%) of revenue is derived from the production or sale of tobacco products, the manufacture of firearms or the operation of for-profit prisons. The portfolio managers of these strategies believe these industries are more likely to face shrinking growth prospects, draining litigation costs and unquantifiable legal liabilities. Our Global and EMV teams do not incorporate broad exclusions but will eliminate certain sectors or securities for ESG or regulatory reasons upon client request, including tobacco, human rights and nuclear energy. —2023 Ariel ESG Policy

Then: "The Fund will not invest in issuers which the Investment Manager ascertains are engaged in business in South Africa." —1989 Ariel Fund Prospectus

ESG Factors

We consider the following ESG-related factors to better assess a company's risks, management practices, quality of disclosure and potential for improvement.

E

ENVIRONMENTAL

Air Quality

Climate Change
- Physical Risk
- Transition Risk

Ecological Impacts

Energy Management

Greenhouse Gas Emissions

Waste and Hazardous Materials Management

Water and Wastewater Management

S

SOCIAL

Access and Affordability

Customer Privacy

Customer Welfare

Data Security

Diversity, Equity and Inclusion

Employee Engagement

Employee Health and Safety

Human Rights and Community Relations

Labor Practices

Materials Sourcing and Efficiency

Product Design and Lifecycle Management

Product Quality and Safety

Selling Practices and Product Labeling

Supply Chain Management

G

GOVERNANCE

Business Ethics

Business Model Resilience

Competitive Behavior

Critical Incident Risk Management

Management of the Legal and Regulatory Environment

Systemic Risk Management

Materiality

As patient investors who invest with a long-term time horizon (generally three to five years), we perform in-depth assessments of financially material ESG risks and opportunities at both the industry and company levels.

Additionally, we seek to evaluate the relevance and materiality of ESG factors based on a company's geography and its impact on our investment thesis. For example, we may place more emphasis on social factors for a financial services company with a retail client base. Environmental issues may be more consequential for an energy services company transitioning to a low-carbon economy.

Although our framework is based on the SASB materiality standards, it has been adjusted to include key metrics (i.e., DEI) across certain or all industries to align more closely to our research coverage and/or to reflect company-specific factors.

TOPIC	CONSUMER PRODUCTS	INDUSTRIALS	FINANCIAL SERVICES	HEALTH CARE	MEDIA
Business Ethics	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Business Model Resilience	MEDIUM	LOW	LOW	LOW	MEDIUM
Diversity, Equity and Inclusion	HIGH	HIGH	HIGH	HIGH	HIGH
Ecological Impacts	MEDIUM	HIGH	LOW	LOW	LOW
Energy and Emissions Management	MEDIUM	HIGH	LOW	MEDIUM	MEDIUM
Human Capital Management	MEDIUM	HIGH	HIGH	HIGH	MEDIUM
Physical Impacts of Climate Change	LOW	HIGH	MEDIUM	LOW	LOW
Risk Management	LOW	LOW	HIGH	LOW	LOW
Supply Chain Management	LOW	HIGH	LOW	MEDIUM	LOW

HIGH MEDIUM LOW

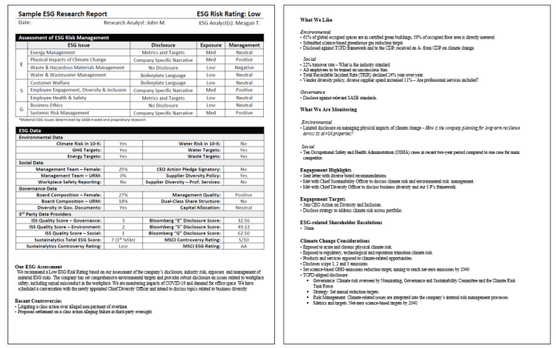
Focusing on the Environment | Now and Then

Now: Our investment teams assess climate-related physical or transition risk and opportunity when relevant and material. We perform a quarterly climate risk analysis across all our strategies to monitor carbon footprint and carbon intensity metrics relative to our respective benchmarks. We also track metrics related to our own overall environmental impact. We support the primary goal of the Paris Agreement[1]: to limit global warming to well below two degrees Celsius, and preferably to below 1.5 degrees Celsius compared to pre-industrial levels. —2023 Ariel ESG Policy

Then: "The Fund actively seeks to invest in companies that achieve excellence in both financial returns and environmental soundness, selecting issuers that take positive steps toward preserving our environment and avoiding companies with poor environmental records." —1989 Ariel Fund Prospectus

[1] The Paris Agreement is a landmark international treaty on climate change adopted in 2015 at the COP21 (Conference of the Parties) in Paris.

Sample ESG Research Report[1]


Sample ESG Research Report ESG Risk Rating: Low

Date: Research Analyst: John M. ESG Analyst(s): Meagan T.

Assessment of ESG Risk Management

	ESG Issue	Disclosure	Exposure	Management
E	Energy Management	Metrics and Targets	Med	Neutral
	Physical Impacts of Climate Change	Company Specific Narrative	Med	Positive
	Waste & Hazardous Materials Management	No Disclosure	Low	Negative
	Water & Wastewater Management	Boilerplate Language	Low	Neutral
S	Customer Welfare	Boilerplate Language	Low	Neutral
	Employee Engagement, Diversity & Inclusion	Company Specific Narrative	Med	Positive
	Employee Health & Safety	Metrics and Targets	Low	Neutral
G	Business Ethics	No Disclosure	Low	Neutral
	Systemic Risk Management	Company Specific Narrative	Med	Positive

*Material ESG issues determined by SASB model and proprietary research

ESG Data

Environmental Data			
Climate Risk in 10-K:	Yes	Water Risk in 10-K:	No
GHG Targets:	Yes	Waste Targets:	Yes
Energy Targets:	Yes	Water Targets:	Yes
Social Data			
Management Team – Female:	25%	CEO Action Pledge Signatory:	No
Management Team – URM:	0%	Supplier Diversity Policy:	Yes
Workplace Safety Reporting:	No	Supplier Diversity – Prof. Services:	No
Governance Data			
Board Composition – Female:	27%	Management Quality:	Positive
Board Composition – URM:	18%	Dual-Class Share Structure:	No
Diversity in Gov. Documents:	Yes	Capital Allocation:	Neutral
3rd Party Data Providers			
ISS Quality Score – Governance:	3	Bloomberg "E" Disclosure Score:	32.56
ISS Quality Score – Environment:	2	Bloomberg "S" Disclosure Score:	43.53
ISS Quality Score – Social:	1	Bloomberg "G" Disclosure Score:	49.50
Sustainalytics Total ESG Score:	7.23* NONE	MSCI Controversy Rating:	5/10
Sustainalytics Controversy Rating:	Low	MSCI ESG Rating:	AA

Our ESG Assessment

We recommend a Low ESG Risk Rating based on our assessment of the company's disclosure, industry risk, exposure and management of material ESG risks. The company has set comprehensive environmental targets and provides robust disclosure on issues related to workplace safety, including sexual misconduct in the workplace. We are monitoring impacts of COVID-19 and demand for office space. We have scheduled a conversation with the newly appointed Chief Diversity Officer and intend to discuss topics related to business diversity

Recent Controversies:
- Litigating a class action over alleged non-payment of overtime
- Proposed settlement on a class action alleging failure in third-party oversight

What We Like

Environmental
- 61% of global occupied spaces are in certified green buildings, 59% of occupied floor area is directly metered
- Submitted science-based greenhouse gas reduction target
- Disclosed against TCFD framework and to the CDP; received an A- from CDP on climate change

Social
- 22% turnover rate—what is the industry standard?
- All employees to be trained on unconscious bias
- Total Recordable Incident Rate (TRIR) declined 24% year-over-year
- Vendor diversity policy, diverse supplier spend increased 11%—are professional services included?

Governance
- Disclose against relevant SASB standards

What We Are Monitoring

Environmental
- Limited disclosure on managing physical impacts of climate change—*How is the company planning for long-term resilience across its at-risk properties?*

Social
- Ten Occupational Safety and Health Administration (OSHA) cases in recent two-year period compared to one case for main competitor

Team: Domestic

Industry: Real Estate Services/Real Estate

Market Cap: ~$9 billion

ESG Risk Rating: Low

Sample ESG Research Report Summary

Date: | Research Analyst: John M. | ESG Analyst(s): Meagan T.

ASSESSMENT OF ESG RISK MANAGEMENT

	ESG ISSUE	DISCLOSURE	EXPOSURE	MANAGEMENT
E	Energy Management	Metrics and Targets	Medium	Neutral
	Physical Impacts of Climate Change	Company-Specific Narrative	Medium	Positive
	Waste and Hazardous Materials Management	No Disclosure	Low	Negative
	Water and Wastewater Management	Boilerplate Language	Low	Neutral
S	Customer Welfare	Boilerplate Language	Low	Neutral
	Employee Engagement, Diversity and Inclusion	Company-Specific Narrative	Medium	Positive
	Employee Health and Safety	Metrics and Targets	Low	Neutral
G	Business Ethics	No Disclosure	Low	Neutral
	Systemic Risk Management	Company-Specific Narrative	Medium	Positive

Material ESG issues determined by SASB model and proprietary research

Our ESG Assessment

We recommend a Low ESG Risk Rating based on our assessment of the company's disclosure, industry risk, exposure and management of material ESG risks. The company has set comprehensive environmental targets and provides robust disclosure on issues related to workplace safety, including sexual misconduct in the workplace. We are monitoring impacts of COVID-19 and demand for office space. We have scheduled a conversation with the newly appointed Chief Diversity Officer and intend to discuss topics related to business diversity.

[1] Ariel's ESG team prepares a dedicated ESG report for current and prospective holdings in the Domestic strategies, whereas the Global and EMV teams integrate ESG analysis within their investment research.

RESEARCH PROCESS AND DATA

Recent Controversies

- Litigating a class action over alleged non-payment of overtime
- Proposed settlement on a class action alleging failure in third-party oversight

What We Like

Environmental

- 61% of global occupied spaces are in certified green buildings, 59% of occupied floor area is directly metered
- Submitted science-based greenhouse gas reduction target
- Disclosed against TCFD framework and to the CDP; received an A- from CDP on climate change

Social

- 22% turnover rate—what is the industry standard?
- All employees to be trained on unconscious bias
- Total Recordable Incident Rate (TRIR) declined 24% year-over-year
- Vendor diversity policy, diverse supplier spend increased 11%—are professional services included?

Governance

- Disclose against relevant SASB standards

What We Are Monitoring

Environmental

- Limited disclosure on managing physical impacts of climate change—how is the company planning for long-term resilience across its at-risk properties?

Social

- Ten Occupational Safety and Health Administration (OSHA) cases in recent two-year period compared to one case for main competitor

Engagement Highlights

- Sent letter with diverse board recommendations
- Met with Chief Sustainability Officer to discuss climate risk and environmental risk management
- Met with Chief Diversity Officer to discuss business diversity and our "Three Ps" framework

Engagement Targets

- Join CEO Action on Diversity and Inclusion
- Disclose strategy to address climate risk across portfolio

ESG-Related Shareholder Resolutions

- None

Climate Change Considerations

- Exposed to acute and chronic physical climate risk
- Exposed to regulatory, technological and reputation transition climate risk
- Products and services exposed to climate-related opportunities
- Discloses scope 1, 2 and 3 emissions
- Set science-based GHG emissions reduction target, aiming to reach net-zero emissions by 2040
- TCFD-aligned disclosure:
  - Governance: Climate risk overseen by Nominating, Governance and Sustainability Committee and the Climate Risk Task Force
  - Strategy: Set annual reduction targets
  - Risk Management: Climate-related issues are integrated into the company's internal risk management processes
  - Metrics and targets: Net-zero science-based targets by 2040

Portfolio Construction and Risk Monitoring

We monitor and address portfolio-level risks as part of our disciplined approach to ESG investing. Our proprietary ESG assessments can impact portfolio construction, when material, by informing buy/sell decisions and/or determining the discount rates used in our valuations. Additionally, our Domestic strategies further mitigate sustainability-related risks by excluding new companies earning a High ESG Risk score. Our ESG team also assesses ESG performance and risk exposure relative to our benchmarks across our strategies each quarter.

Fund ESG Characteristics[1]

ENVIRONMENTAL

We measure climate risk exposure at the portfolio level by reviewing metrics such as carbon footprint and carbon intensity. As of December 31, 2023, each of the Ariel Fund and Ariel International Fund portfolios, in the aggregate, is more likely to adopt emissions targets compared to its benchmark index.

SOCIAL

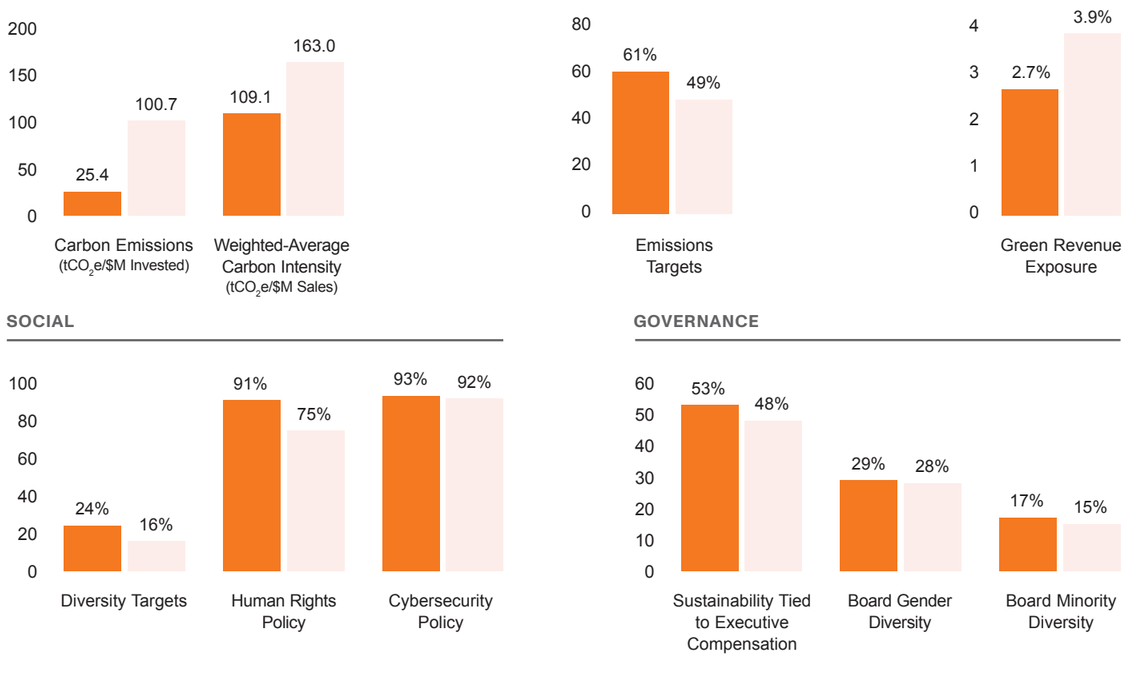
We regularly assess management performance on social issues at the portfolio level including DEI, human rights and cybersecurity. As of December 31, 2023, each of the Ariel Fund and Ariel International Fund portfolios, in the aggregate, is more likely to adopt higher workforce diversity targets compared to its benchmark index.

GOVERNANCE

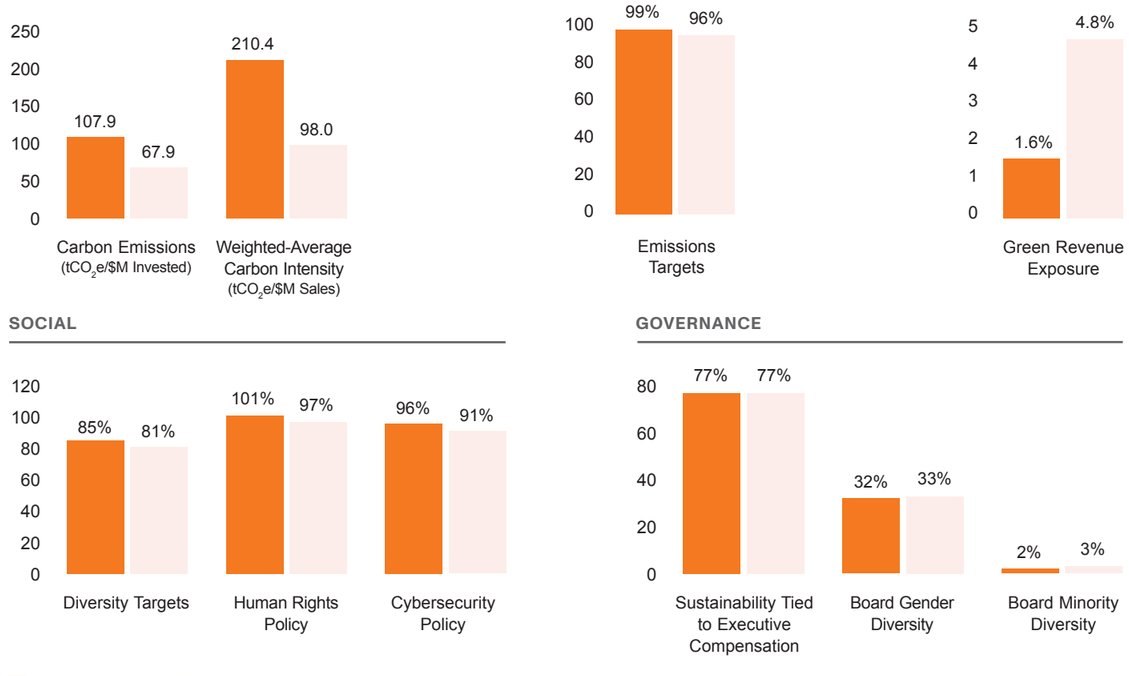
We evaluate governance risk exposure and best practices across our strategies by reviewing a range of metrics, including those related to board diversity and ESG governance. As of December 31, 2023, each of the Ariel Fund and Ariel International Fund portfolios, in the aggregate, matches its index benchmark for board gender diversity.

Please see Appendix for ESG Characteristics for all strategies.

Ariel Fund (as of December 31, 2023)



Ariel International Fund (as of December 31, 2023)



[1] As of December 31, 2023. Carbon emissions and weighted average carbon intensity data sourced from MSCI. All other data sourced from Refinitiv. Calculations are by Ariel Investments. Portfolio metrics are inclusive of equity, cash and currency forward positions. MSCI and Refinitiv make no express or implied warranties or representations and shall have no liability whatsoever with respect to any of their data contained herein. This report is not approved or produced by MSCI or Refinitiv. Ariel cannot guarantee the accuracy, completeness or reliability of the third-party data presented and accepts no responsibility or liability whatsoever for such third-party data. The information provided is for illustrative purposes only, is on a historical basis and does not mean that the portfolio composition is currently the same, or will remain the same, for each listed fund.

PORTFOLIO LEVEL RISK MONITORING

ESG Committee

Ariel maintains formalized ESG governance structures at both the firm and portfolio level through the Corporate Responsibility, Sustainability and Governance Committee of Ariel's board of directors and an executive-level ESG Committee.

Ariel's ESG Committee oversees the day-to-day management of firmwide ESG policies and objectives. It is chaired by the Director of ESG Investing and includes senior leaders from the Domestic, Global and Emerging Markets Equities research teams, Institutional Client and Investor Relations, Consultant Relations, Legal and Compliance and Ariel Alternatives.

The ESG Committee meets quarterly to discuss:

- Firmwide ESG integration and engagement activities
- Third-party research
- Disclosure practices
- Training and professional development
- Marketplace trends
- Regulatory shifts
- Adherence to the PRI
- Compliance with ESG-related commitments

The ESG Committee also reviews our ESG Policy annually and facilitates our board's evaluation of each investment team's ESG approach. In addition, Ariel's Risk Committee integrates climate risk considerations into its oversight process. The Risk Committee also reviews the firm's exposure to and management of the physical and transition risks of climate change on a quarterly basis.

Our leaders exemplify our dedication to ESG principles.

On the Record
1985

"Our first client, Howard University, talked to us about investing their portfolio South Africa-free. That's helped us over time to keep pushing the companies we invest in to be more socially responsible. That's the kind of thing we'll take on and talk to management about that most of our peers won't."

~ John Rogers in *Crain's Chicago Business* 2007

ESG Engagement in Action

Consistent with our Active ESG philosophy, our approach to engagement is grounded in ongoing dialogue with investment teams on principles of inclusion and improvement. While our targeted efforts are driven by company-specific factors and bottom-up analysis, we also considered four macro themes in 2023: climate change, human rights, DEI and ESG in executive compensation.

Portfolio Company Engagement Summary[1]

Climate Change	Human Rights	Diversity, Equity and Inclusion	ESG in Executive Compensation
44	14	37	14

Addressing Human Rights Risk

Our investment teams incorporate human rights considerations into their direct company engagement when relevant and material as part of the broader review of an investment. We recognize the direct and indirect impact portfolio companies may have on human rights, and we seek to mitigate any significant harm or adverse outcomes. In general, we support the goals of the UN Principles on Business and Human Rights. In 2023, we actively engaged 14 portfolio companies in at-risk sectors, encouraging many to undertake human rights risk assessments.

[1] Number of meetings held in 2023 in which our investment teams discussed each theme.

Our Approach to Engagement

Our investment teams encourage portfolio company executives to strive for best practices in ESG. We concentrate our efforts where we believe our encouragement will have a higher probability of improving ESG outcomes and enhancing shareholder value.

We tailor engagements to each company's needs. For example, we may focus on renewable energy capital expenditures at a utility company enabling the transition to a low-carbon economy. When engaging with a food retailer, we might concentrate on the quality, sourcing and affordability of products to meet a growing consumer base.

As patient investors, we know many of our engagements require longer-term, evolving conversations. As a result, we track these interactions. Senior members of our investment teams frequently participate in our ESG engagement meetings with portfolio company board members, executives and/or business unit leaders. The presence of executives from both sides helps us assess the company's commitment as well as the risks and opportunities that lie ahead.

While we prefer to partner with leadership teams to strengthen management and disclosure of material and relevant ESG issues, we may employ escalation tactics when we believe problems are not adequately being addressed. Approaches will vary and may include engaging with the key business unit or organizational leaders on a given topic; verbal or written communications outlining our concerns; voting against management on a proxy voting proposal or selling out of a position. On occasion, we may collaborate with other investors or third-party organizations. We evaluate these opportunities individually and act in a manner consistent with applicable laws and regulations.

Approach to Sustainability and Engagement Outcomes

In general, we seek to promote positive ESG-related outcomes and avoid or mitigate adverse consequences. While sustainability metrics are not our primary driver or objective, we seek to influence ESG-related outcomes in the strategy and operations of our portfolio companies where relevant and material.

The Domestic team tracks ESG engagement outcomes across three categories:

DISCLOSURE | Company enhances transparency or disclosure on a key ESG topic, such as:

- SASB or TCFD-aligned reporting
- Cybersecurity policies and procedures
- Executive compensation practices

COMMITMENT | Company commits to developing strategy, policy or target tied to a key ESG issue, such as:

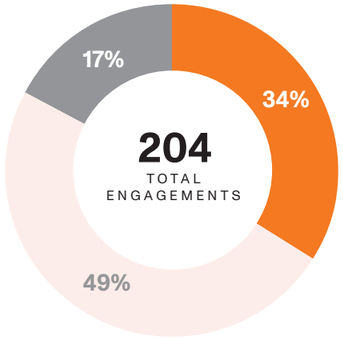
- Net-zero/Science Based Targets initiative (SBTi)
- Explicit DEI goals
- Pay equity goals

IMPACT | Company makes measurable improvements on a key ESG topic, such as:

- GHG emissions
- Workplace injuries
- Board diversity

Portfolio Engagement by the Numbers

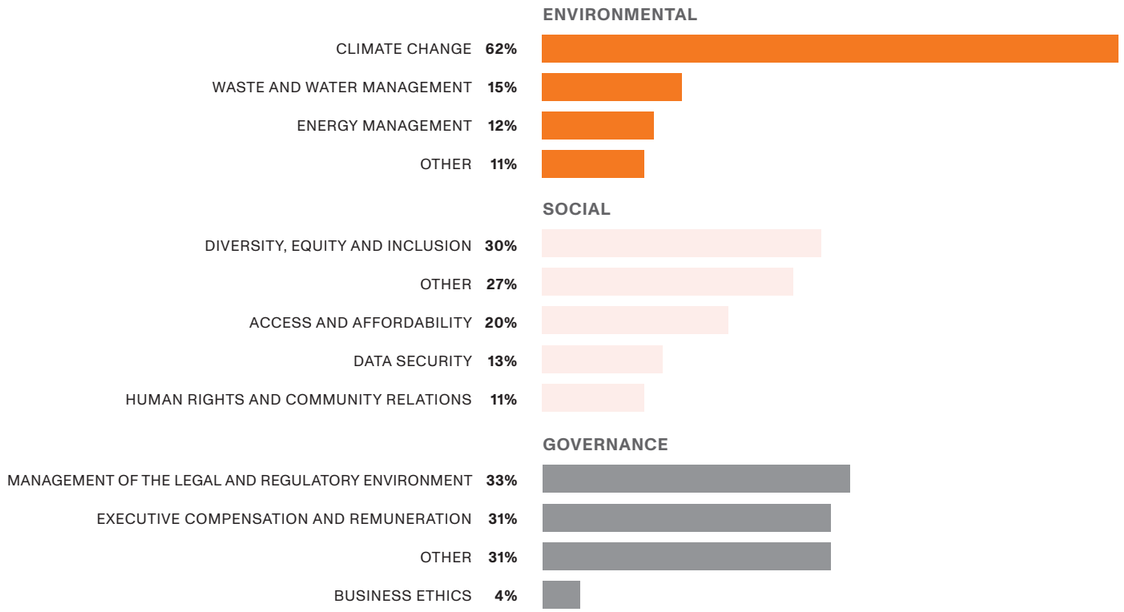
Engagements by Issue[1]



Our investment teams employ a variety of methods in ESG engagements. We may directly engage with management teams, board members and key business unit or organizational leaders. We may write letters on thematic ESG topics. We may make company-tailored recommendations for diverse board members. Individual investment teams may speak to subject matter experts, regulators, suppliers and third-party vendors.

- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

Engagements in Focus



[1] Disaggregated engagement data reflects Domestic and Global team activity. EMV team engagement breakdown will be included in future reporting.



Generac Holdings, Inc.

Issue: Board Diversity, Climate Risk
Team: Domestic
Category: Environmental, Social
Sector: Industrials

Background

Generac is a leading global manufacturer of power generation equipment for the residential, light commercial and industrial markets. It provides advanced power grid software solutions, backup and prime power systems for home and industrial applications, solar and battery storage solutions, virtual power plant platforms and engine- and battery-powered tools and equipment. In November 2021, we initiated a position in the company. Climate transition risk and the physical impacts of climate change continue to present growth opportunities due to increased weather-related power outages.

Approach

Since 2021, we have regularly engaged with management on two ESG-related objectives: promoting board diversity and addressing climate risk and opportunities. In November 2022, we co-signed a letter with the Diversity Disclosure Initiative to encourage Generac to increase board diversity. Through direct dialogue, we also advocated for the same. Additionally, we recommended the adoption of TCFD-aligned disclosure practices.

Results

In 2022, the company welcomed a new diverse board member. In 2023, Generac marked a significant milestone by issuing its first TCFD-aligned climate report. We are pleased to see this progress and look forward to collaborating with management to encourage further improvement.

Case study examples chosen to better explain Ariel's ESG engagement process. Not all engagements are conducted the same way or produce the same results.

Semen Indonesia

Issue: Climate Risk and Environmental Disclosures
Team: Emerging Markets Value
Category: Environmental
Sector: Industrials

Background

PT Semen Indonesia Tbk is the leading building materials solutions company in Indonesia. It also has manufacturing facilities in Vietnam. Ariel has been a shareholder since 2023, although our team has interacted with the company for over a decade.

Approach

We regularly interact with Semen Indonesia's management on ESG risks and opportunities. Based on management's feedback, we were among the first investors to actively encourage the company to provide clear and transparent sustainability-related reporting and set environmental targets. Specifically, we recommended the company establish long-term targets for scope 1, 2 and 3 emissions, in addition to the company's near-term targets. We also encouraged it to establish numeric milestones and publish details on its plan to reduce GHG emissions.

Results

Semen Indonesia now reports both scope 1 and scope 2 GHG emissions and has established medium-term carbon reduction goals. It targets reductions of 15% and 22% in its scope 1 and scope 2 emissions, respectively, between 2020 and 2030. The company has also enhanced transparency related to emissions reduction, which includes an increased reliance on alternative fuels, greater use of solar energy, reduction in its clinker factor and greater energy efficiency. We continue to encourage Semen Indonesia to provide a roadmap to net zero and provide more visibility into plans to reduce other toxic emissions.

Case study examples chosen to better explain Ariel's ESG engagement process. Not all engagements are conducted the same way or produce the same results.

Trip.com

Issue: Climate Risk
Team: Global
Category: Environmental
Sector: Travel and Leisure

Background

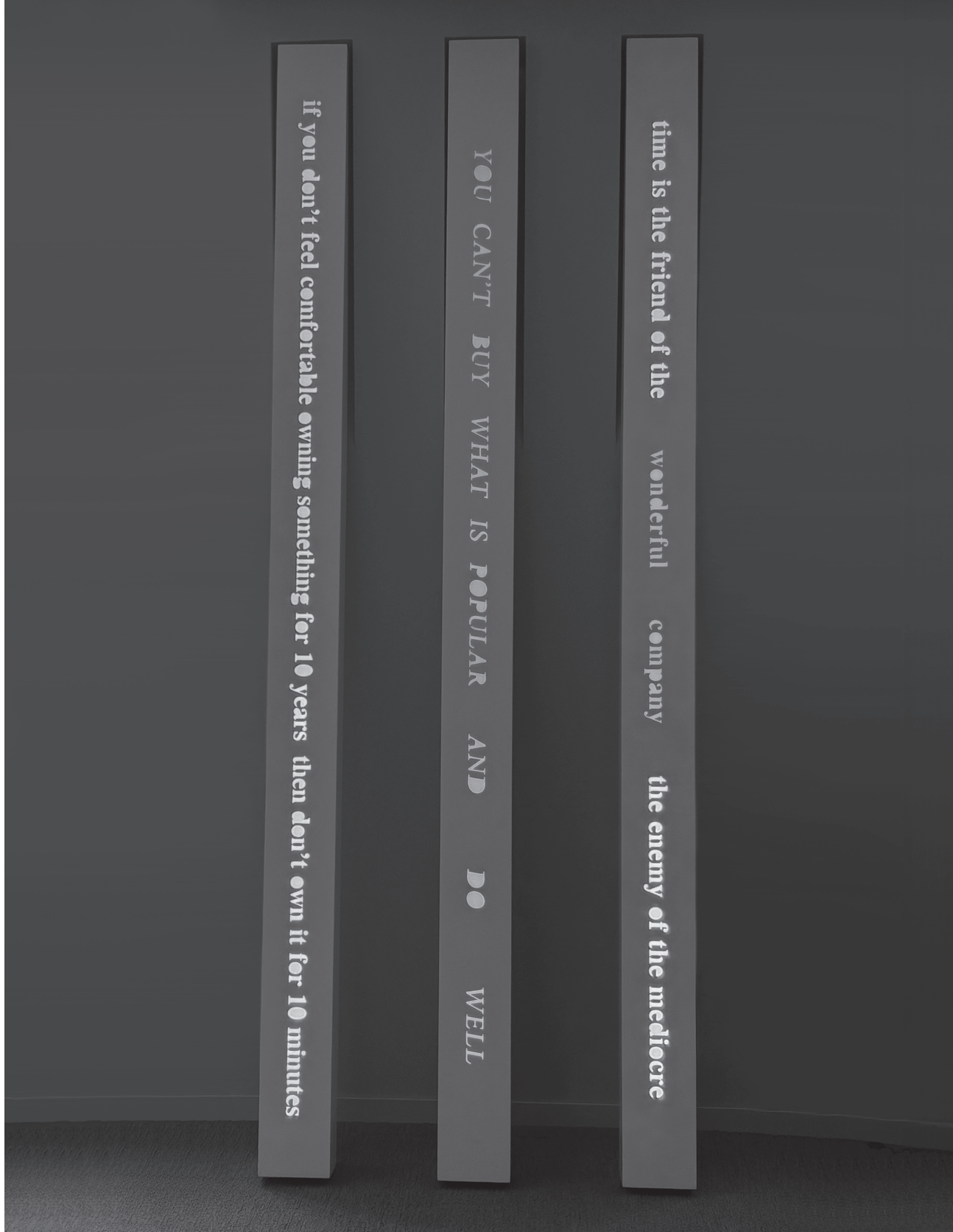
Trip.com Group Limited is a travel service provider of products, services and travel-related content in China and internationally. The travel conglomerate boasts a 45,000-strong employee base. It operates under a portfolio of brands, including Ctrip, Qunar, Trip.com and Skyscanner, with the mission "to pursue the perfect trip for a better world."

Approach

Recognizing the importance of environmental stewardship in creating long-term shareholder value, we actively engaged Trip.com's management team. As part of Ariel's 2022 TCFD campaign, we urged the company to enhance its disclosures and align reporting with globally respected TCFD recommendations. Our letter emphasized the implications of climate change on investment viability. Our team maintained an active dialogue and continuously engaged with management to encourage progress.

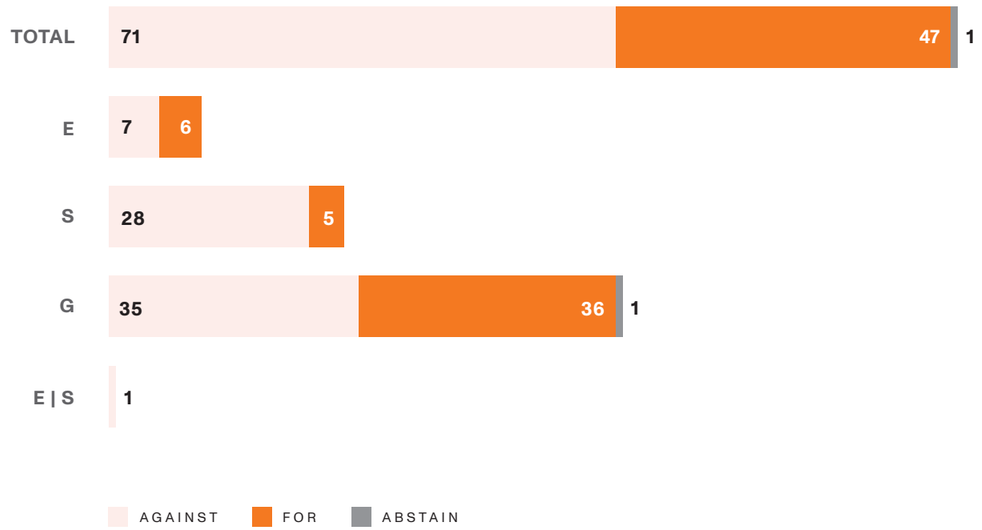
Results

In December 2023, Trip.com published TCFD-aligned disclosures in its annual ESG report for the first time.



Case study examples chosen to better explain Ariel's ESG engagement process. Not all engagements are conducted the same way or produce the same results.

2023 Shareholder Proposal Proxy Voting Summary



This figure represents the total number of shareholder proposals for portfolio companies across Ariel's strategies during the 2023 proxy season. Proxy voting data comes from ISS voting records. ESG categories are reported according to ISS guidelines. Duplicate votes are counted in a limited number of instances where investment teams vote differently on the same proposal. The Shareholder Proposal Proxy Voting Summary is available on our website, https://www.arielinvestments.com/wp-content/uploads/2024/09/2023-Shareholder-Proposal-Proxy-Voting-Summary-FINAL.pdf.

Our Approach to Proxy Voting

We integrate material ESG issues into our proxy voting decisions consistent with our fiduciary obligation to clients. We consider a company's past performance and ESG track record to set a baseline for accountability and to incentivize future improvement.

We seek companies with high-quality leadership teams, as represented by their industry experience, performance track records and their management of material ESG business issues. The best executive teams show integrity and candor while fostering open and honest communication with their shareholders. As a result, we generally give considerable weight to the recommendation of a portfolio company.

For the Domestic strategies, non-routine proposals are assessed by the head of ESG. For the Global and Emerging Markets Value strategies, non-routine proposals are assessed by the analyst responsible for the stock.

Domestic
Bank of America

The Proposal: A shareholder proposal called for a report on the company's climate transition plan and its alignment of financing activities with greenhouse gas emissions targets.

Our Rationale: Our Domestic research team determined support for the proposal was warranted. Since we view climate change and its impacts as a long-term business risk, additional disclosure on this topic is in the best interest of shareholders.

Our Vote: FOR

Global
Berkshire Hathaway Inc.

The Proposal: A shareholder proposal called for a report on physical and transition climate-related risks and opportunities.

Our Rationale: Our Global research team determined support for the proposal was warranted. We view climate risk as relevant for and material to Berkshire Hathaway and believe that additional disclosure is in the best interest of shareholders.

Our Vote: FOR

Public Sector Engagement

We believe engaging in policy advocacy is part of our fiduciary duty because policy and regulatory topics can affect the stability of financial systems and systemic risks. Additionally, we seek to support informed public policies that promote positive sustainability outcomes.



On the Record

"We believe educational programs like [the Ariel Community Academy] will help diminish the confusion and fear that shrouds the investment decision-making process and replace it with a culture of knowledge and confidence."

- Mellody Hobson
2004 Testimony to the U.S. Senate Committee on Banking, Housing and Urban Affairs

2023 Highlights

- John Rogers serves as a member of the **U.S. Treasury Advisory Committee on Racial Equity**. The first-of-its-kind committee provides recommendations to the Treasury Department on efforts to advance racial equity in the economy.

- John Oxtoby, Ariel's Director of ESG Investing, hosted an investor roundtable with **Environmental Protection Agency (EPA) Administrator** Michael Regan to discuss sustainable investing, climate policy and environmental justice. He also helped facilitate the Administrator's tour of a community solar project at the Chicago Urban League Headquarters to highlight the kinds of projects that would be supported by the EPA's Greenhouse Gas Reduction Fund.

- Ariel supported the **U.S. Department of Commerce on the launch of its Business Diversity Principles (BDP) Initiative** to encourage businesses to adopt best practices that promote economic growth in underserved communities through diversity, equity, inclusion and accessibility (DEIA) programs. BDP recognizes the private sector's efforts and aims to inspire additional voluntary efforts.

- John Rogers chaired the **Small Business Administration (SBA)'s Council on Underserved Communities (CUC)**, which develops policy recommendations to address economic inequality and strengthen diversity in the business community.

- In partnership with the White House, Ariel joined 24 companies and foundations as founders of the **Economic Opportunity Coalition (EOC)**. The EOC was formed to address disparities and accelerate economic opportunity in underserved communities. The group secured commitments from its members totaling $1 billion for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs).

Academic Engagement

Our deep relationships with academic experts help connect our investing activities with the latest research and scholarship and reinforce our culture of continuous learning.

Notre Dame Business School Dean Martijn Cremers and Yale School of Management (SOM) Professor of Finance Heather Tookes serve on the Board of Directors of Ariel Investments.

In 2023, Dean Cremers presented his ESG-focused paper, *The Complex Materiality of Proprietary ESG Information: Evidence from Actively Managed Funds* to our investment teams and facilitated a discussion on its implications for our portfolios. Cremers' research highlights the opportunity for active managers to generate alpha in instances where there is greatest disagreement on a stock's ESG risk/performance rating.[1]

Since 2022, John Oxtoby has been a part-time faculty member at the University of Chicago Harris School of Public Policy. He co-teaches "Introduction to ESG and Impact Investing." In 2021, John also co-authored a white paper published in the Chicago Booth Review entitled *Racial Inequality is a Business Risk* on the importance of corporate leaders and investors addressing economic inequality as a form of risk management.



[1] The term Active ESG is an indicator measuring how actively fund managers use proprietary ESG information that differs from third-party ESG ratings.

Ariel Alternatives

PROJECT BLACK®



LESLIE A. BRUN
CO-FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
ARIEL ALTERNATIVES, LLC

Progress Through Profits

Through an innovative combination of customers and long-term patient capital, we reimagined private equity as a scaler of minority-owned businesses. Ariel Alternatives' inaugural fund, Project Black®, closed in 2023 with $1.45 billion in committed capital from limited partners and co-investors. Our goal is to enable minority-owned business enterprises (MBEs) to serve as Tier 1 suppliers to Fortune 500 companies and, by doing so, generate jobs and economic growth. Unlike Ariel Investments, where we have had decades to refine and develop our approach to ESG, Project Black® is constructing a brand-new framework in real time. Though it is early days, we are creating a process for measuring and amplifying ESG impact in the private equity space.

Project Black® seeks to invest in six to ten middle market businesses with approximately $100 million to $1 billion in revenue. These companies are expected to meet the needs of Fortune 500 companies seeking to significantly increase their spend with minority-owned businesses. In addition to ongoing impact and ESG assessments throughout the diligence of an asset, any final presentation to the Investment Committee prior to an acquisition must include a discussion on impact potential and ESG considerations.

Although our portfolio companies may not be minority enterprises at the time of our acquisition, the fund's ownership of at least 51% of the common equity and other actions will enable them to become certified minority business enterprises of scale. To achieve this, Ariel Alternatives and Project Black® are both certified as minority-owned.

AMGEN · ballmer GROUP · cencora · HOBSON/LUCAS FAMILY FOUNDATION · JPMorgan Chase & Co. · LOWE'S · MERCK · NEXTera ENERGY · nuveen A TIAA Company · QIA QATAR INVESTMENT AUTHORITY · salesforce · synchrony · TRUIST · Walmart

Minority Business Enterprise Certification

As of 2023, Ariel Alternatives' Project Black® fund and our first portfolio company, **Sorenson Communications**, are certified MBEs. This designation, bestowed by the National Minority Supplier Development Council (NMSDC), recognizes businesses that meet extensive eligibility criteria. Founded in 1972, the NMSDC is the longest-operating institution supporting businesses founded by communities of color (Asian-Indian, Asian-Pacific, Black, Hispanic, and Native American). It encourages its member companies to work with institutions through their supply chains and creates direct connections between MBEs and corporations. **CQ fluency**, Project Black's second portfolio company, was a certified minority and woman-owned business prior to our acquisition and remains minority-owned. The fund's third portfolio company, **My Code**, is currently in the process of seeking certification.

Leveraging our Network: Demand Aggregation

Project Black® portfolio companies benefit from our unique *Demand Aggregation* process, whereby we are able to leverage relationships built over decades with the Fortune 500 and across the private equity industry. Specifically, we engage with a target company while proactively tracking sales prospects for the potential acquisition's products and services among Fortune 500 industry executives.

Our portfolio companies also receive support from Project Black's Chief Procurement Officer (CPO) Council, a group of Fortune 500 CPOs who provide data on supplier demand across our priority sectors. The Council's insights and those from Ariel's extensive procurement network provide our companies with potential client introductions. Our CPO Council members include:

- **Shelley Stewart, Jr.** | Chair
  Former Chief Procurement Officer, DuPont de Nemours, Inc.; Chairman, Billion Dollar Roundtable
- **Kevin Brown** | Executive Vice President, Global Operations and Chief Supply Chain Officer, Dell Technologies Inc.
- **Jennifer Browne** | Senior Vice President, Chief Procurement Officer, Salesforce Inc.
- **Brian Downer** | Executive Vice President, Head of Enterprise Corporate Services and Third Party Management, Truist Financial Corporation
- **Kindle Goodson** | Chief Operating and Procurement Officer, TIAA
- **Farryn Melton** | Former Chief Procurement Officer, Bristol-Myers Squibb
- **Libby Newport** | Vice President, Strategic Global Sourcing, Cencora
- **Kevin Oakes** | Chief Procurement Officer, Synchrony Financial
- **Matt Ulman** | Vice President, Integrated Supply Chain Operations, NextEra Energy, Inc.
- **Susanna Webber** | Chief Procurement Officer, Merck & Co., Inc.

Portfolio Company Updates

Sorenson

Sorenson, our anchor portfolio company, is the leading United States communications provider for the Deaf and Hard-of-Hearing. Sorenson combines patented technology with human-centric services to connect signed and spoken languages: captioning and video relay services, over-video and in-person sign language and spoken language interpreting, real-time event captioning services, and post-production language services. Since our acquisition in April 2022, the company has made strides in its impact initiatives such as:

- Raised the company 401(k) match. Employee participation increased, including a boost in participation by both Black and Latino/a workers.
- Conducted the first-ever employee engagement survey, which placed Sorenson at or above industry benchmarks for inclusion and belonging.[1]

CQ fluency

In May 2023, we announced our acquisition of CQ fluency, a healthcare communication solutions provider founded by Elisabete Miranda, a Brazilian-born U.S. immigrant. CQ is short for "Cultural IQ." Inspired by Elisabete's own experience, CQ fluency's mission is to help people who speak different languages communicate with each other. Before founding the company in 2000, Elisabete worked on multilingual projects targeting ethnic communities in the United States and abroad for almost three decades. Over the past 10 years, CQ fluency has grown from a two-person firm in Hackensack, New Jersey to an international company with over 100 employees operating in the U.S. as well as Argentina, Brazil, Canada, Chile, Colombia, Egypt, India, Ireland, Italy, The Netherlands and Spain. Its expansive client partnerships include Aetna, Bristol-Myers Squibb, CVS Health, Merck, MetLife, Novartis and more. CQ fluency has been listed among *Inc. Magazine's* 5,000 *Fastest Growing Companies in America* for eight consecutive years.

My Code Media

In November 2023, we announced our acquisition of My Code, a leading multicultural media and marketing services company.

Founded in 2015, My Code offers brand solutions, with a mission to build a media and advertising environment where everyone is authentically represented. Formerly known as H Code, the company initially targeted Hispanic consumers in the U.S. and then expanded to Black, AANHPI and LGBTQIA+ audiences, among others.[2] Its network includes a collection of over 1,200 consumer media platforms that reach diverse groups, in addition to owned-and-operated properties such as *El Diario,* the oldest Spanish-language newspaper in the U.S.; *Remezcla,* one of the most influential digital media brands for the Latino/Latina community; and Butaca TV, an advertising-based video-on-demand platform. My Code has helped brands invest over $250 million to reach diverse audiences. Approximately 85% of the company's employee base comes from multicultural backgrounds.

Sorenson CQfluency MY CODE

[1] Sorenson scored 4.1 on DEI (inclusion and belonging indicators) on a 5.0 scale on its most recent employee engagement survey, compared with Mercer's benchmarks of 4.1 for inclusion and 4.0 for belonging.

[2] LGBTQIA+ stands for lesbian, gay, bisexual, transgender, queer, questioning, intersex, asexual, and the + acknowledges the existence of additional sexual orientations, gender identities, and expressions that are not specifically covered by the initial letters in the acronym. AANHPI stands for Asian American, Native Hawaiian and Pacific Islander.

Partnerships

In an effort to develop our impact thesis, Project Black® developed partnerships with several organizations, including the Urban Institute, an economic and social policy think tank, and Impact Frontiers, a peer learning collective for investors. Urban Institute provided insights on new ways to narrow the wealth gap. As a result, we are now considering having portfolio companies match student loan payments and portability to encourage retention, employee satisfaction and workforce productivity.

We joined a year-long cohort run by Impact Frontiers and Duke University's business school to explore best practices in connecting impact with financial returns. To that end, Project Black® is now finalizing a scorecard based on Impact Frontiers' model, which we will utilize in future due diligence of portfolio companies. We also worked with Apollo Global Management to convene a group of 15 private equity firms to discuss business diversity—and how to expand opportunity for minority-owned firms while creating alpha.

APOLLO

Duke UNIVERSITY

IMPACT FRONTIERS

URBAN INSTITUTE

ESG PERSONIFIED

On the Record
1997

"If you're going to be a socially responsible investment company, you have to have your organization structured in a socially responsible way."

~ John Rogers in *Microsoft Investor*

ESG Personified

What we do inside Ariel mirrors our commitment to ESG outside Ariel. Since our inception, we have incorporated ESG principles in our corporate values and investment processes. From our executive leadership to the investment professionals who build portfolios to the board members providing expert oversight, ESG has been and remains a core commitment.

Ariel's Green Team represents an internal volunteer group that spearheads sustainability initiatives across the firm.

Operational Sustainability

In 2023, our team established a partnership with Climate Vault, a non-profit co-founded by University of Chicago Professor Michael Greenstone, to report on and neutralize our scope 1 and 2 emissions. Additionally, we worked with Climate Vault on a pilot project to test a new tool designed to help companies measure and manage emissions.

Reporting

We work to reduce our environmental footprint whenever feasible. In 2023, Ariel completed and published our first greenhouse gas emissions inventory to better understand our environmental impact.

Also in 2023, we released our first TCFD-aligned Climate Report, which outlines our approach to managing climate risk across four areas: governance, strategy, risk management and metrics and targets.

Climate Vault's Market-Based Solution to Climate Change

The mission of Climate Vault is to significantly reduce carbon emissions while supporting innovation that can remove carbon already in the atmosphere. It has created the world's first large-scale ecosystem linking offsets, carbon markets and carbon dioxide removal (CDR) technologies. Climate Vault uses regulated cap-and-trade compliance markets to purchase and "lock up" CO_2 permits, precluding major emitters such as utilities and power plants from using them. Because the number of permits is capped, this action decreases emissions by providing a quantifiable, verifiable offset. Climate Vault then identifies companies with new carbon-removal technology and uses the monetary value of the "locked up" permits to support these breakthrough enterprises.



CARLOS E. CALDERON
CHIEF FINANCIAL OFFICER

JENNIFER DIGRAZIA
HEAD OF INSTITUTIONAL CLIENT AND INVESTOR RELATIONS



MALIK MURRAY
HEAD OF BUSINESS DEVELOPMENT, INSTITUTIONAL MARKETING



BONNIE E. ORLOWSKI
HEAD OF CONSULTANT RELATIONS AND FINANCIAL INTERMEDIARIES



NANCY POWER
CHIEF HUMAN RESOURCES OFFICER



EMMA RODRIGUEZ-AYALA
CHIEF ADMINISTRATIVE OFFICER AND GENERAL COUNSEL



KENNETH T. SLOVIN
HEAD OF GLOBAL OPERATIONS



ROOPA WEBER
DIRECTOR OF MARKETING AND SPECIAL PROJECTS

Signature Social Impact Initiatives

1996

Ariel Community Academy

Ariel Community Academy: Increased Investment

In 1996, Ariel was awarded a corporate sponsorship of a Chicago public school through former Mayor Richard M. Daley's New School Initiative Program. Ariel Community Academy (ACA) launched as a unique public-private partnership offering classes from pre-kindergarten through eighth grade. Ninety-five percent (95%) of the student body is African American and 81% of students receive subsidized lunches. In addition to the required Chicago Public Schools curriculum, ACA incorporates an immersive and innovative financial literacy program with an emphasis on investing. One notable feature is the Ariel Investment Program, which grants each first-grade class an actual investment portfolio that continues until their eighth-grade graduation.

Beginning with the 2023-2024 school year, we doubled the size of the first-grader investment portfolio from $20,000 to $40,000 in celebration of Ariel's 40th Anniversary. As students advance through the school's unique financial curriculum, they make their own investment decisions. Upon graduation, all profits are split evenly between a class gift to the school and the remaining funds distributed to the graduates as a cash payout or $500 in augmented contributions toward a 529 College Savings Plan.



MYLES GAGE
ACA GRADUATE
CO-FOUNDER, RAPUNZL

"The exposure aspect of Ariel Community Academy really put things on a bigger scale for students, as far as what they could achieve. We had incredible leaders speak at our school, such as Joe Mansueto, who founded Morningstar. We also had opportunities to attend the McDonald's annual shareholder meeting, meet with senior leadership and ask the CEO questions. These experiences made me passionate about building a career in financial services."

1998

Ariel-Schwab Black Investor Survey

Black Investor Survey: Historic Lows in 2022

For 25 years, the Ariel-Schwab Black Investor Survey has compared attitudes and behaviors on saving and investing among Black and white Americans with a minimum household income of $50,000. Our 2021 and 2022 surveys showed investor participation at historic lows for both groups.[1] In 2022, just 58% of Black Americans and 63% of white Americans owned stocks, compared to past survey peaks of 74% of Black Americans in 2002 and 86% of white Americans in 2015. This disparity, compounded over time, means middle-class Black Americans will have less money saved for retirement and less wealth to pass on to future generations than their white counterparts.

[1] The 2023 Ariel-Schwab Black Investor Survey was not released at the time of publication.

Signature Social Impact Initiatives

2002

Black Corporate Directors Conference

Black Corporate Directors Conference

2023 marked the 21st Annual Black Corporate Directors Conference, co-founded with Russell Reynolds Associates and supported by Deloitte. Nearly 200 Black and Latino/a directors convened once again in Laguna Beach. Our goal for the conference is to ensure that our "call to action," centered on what we call the "Three Ps," People, Purchasing and Philanthropy, is top-of-mind in the boardroom. This agenda is particularly critical given the current backlash against efforts to expand opportunities for all. Our conference agenda outlines actionable next steps for Fortune 500 directors.

Our 2023 keynote speakers included:

- **Joseph Y. Bae**
  Co-CEO
  KKR & Company, Inc.
- **Albert Bourla**
  Chairman & CEO
  Pfizer, Inc.
- **Calvin G. Butler**
  President & CEO
  Exelon Corporation
- **Cathy Engelbert**
  Commissioner
  Women's National Basketball Association
- **Melinda French Gates**
  Founder, Pivotal Ventures
  Former Co-Chair,
  Bill & Melinda Gates Foundation
- **Roger Goodell**
  Commissioner
  National Football League
- **Sherrilyn Ifill**
  President & Director-Counsel Emeritus
  NAACP Legal Defense Fund
- **Kerry Washington**
  Artist, Director,
  Producer & Author

Black Corporate Directors Study

Tracking DEI Progress in Corporate America

We conducted our Black Corporate Directors Study in September 2023, surveying corporate DEI efforts.[1] Results, published in 2024, indicate[2]:

- While DEI is a primary agenda item for almost all boardrooms, directors note inadequate oversight of these issues
  - 81% of directors view their boards as racially and ethnically diverse, 9% less than two years ago
  - 75% of directors report their companies are responsible for investing capital to support racial equity and diversity goals, down 7% from 2021
- Corporate directors and average employees have different perspectives on why corporations focus on DEI
  - 42% of employees believe DEI is important to their company's leadership, compared to 63% of directors
  - Corporate directors and employees were asked to identify the top reasons leadership spends time on DEI issues. Notable gaps were discovered in the following categories:
    - Public relations: 43% of employees versus 24% of directors
    - Shareholder concerns: 15% of employees, compared to 44% of directors
    - Interest in the experience of diverse employees: 46% of employees relative to 66% of directors
- Current affairs may dampen the willingness of directors to champion DEI efforts in the boardroom
  - 77% of directors feel the responsibility to speak out publicly on social justice or civil rights issues today, a 16% decline since 2021
  - 63% of directors report being pessimistic about increasing DEI efforts in corporate America as a result of the Supreme Court's decision regarding Affirmative Action in higher education

The "Three Ps": People, Purchasing and Philanthropy

Since the formation of the Black Corporate Directors Conference, we remain steadfast in our call to action, which focuses on people, purchasing and philanthropy.

People

Companies can best meet their customers' needs when they are committed to diversity across all levels of their organization.

People Actions:

Measure workforce diversity at all levels and set targets.

Break out diversity metrics by race and ethnicity.

Adopt and go beyond the "Rooney Rule," requiring more than one diverse candidate be interviewed for open senior positions and/or board seats.

Measure employee participation in 401(k) plans and address racial disparities.

Purchasing

When companies are willing to form contractual relationships with minority businesses across a variety of industries, the corporation's image is bolstered, as is the image of the minority leaders and businesses with whom they work.

Purchasing Actions:

Measure corporate spend by specific category including professional services and replace the term "supplier diversity" with "business diversity."

Track the diversity of executives employed by vendors and professional services firms and push companies to make quantifiable progress.

Recognize minority-owned businesses need "access to customers" in addition to "access to capital."

Philanthropy

Philanthropic contributions to organizations focused on empowering minority communities ultimately serve to uplift a company's employee and customer bases.

Philanthropy Actions:

Measure corporate philanthropy to ensure that civil rights organizations and other entities serving communities of color benefit, in addition to arts and cultural institutions.

Ensure that corporations are building long-standing, multi-year philanthropic relationships.

Encourage executives to employ the "Three Ps" on the civic and non-profit boards on which they serve.

[1] The study also polled a national sample of average full- and/or part-time U.S. employees across races to create a direct comparison to the corporate director findings.
[2] The results are not exhaustive and represent a sample of the overall findings from the study.

Signature Social Impact Initiatives

2017

Rogers Scholars

The John W. Rogers, Jr. Internship Program

In 2017, the John W. Rogers, Jr. Internship Program in Finance (JWR) was created at the University of Chicago to connect exceptional students from underrepresented backgrounds with internship opportunities in the investment offices of non-profit foundations and endowments.

The JWR program funds the internships and provides an extensive series of workshops to help students build the knowledge, connections and technical skills needed to launch a successful career in finance. Common workshop topics include asset management, stock valuation and interview preparation.

The program has placed more than 150 students in summer internships with foundations and endowment investment offices. Ariel Co-CEO John W. Rogers, Jr. meets with the JWR cohort at least two times per year.





The Ariel Investments Summer Internship Program

Ariel's ten-week summer internship program gives college-level students a unique opportunity to learn about the financial services industry by working with seasoned experts. Interns gain hands-on leadership experience while learning about the different business channels within the firm.

Ariel internships are real jobs with real impact. The program is designed to fully immerse bright, motivated students in the day-to-day activities of one of our departments. It includes ongoing information sessions, professional and self-guided learning and networking opportunities. Additionally, Ariel interns engage with clients and with their peers through partnerships with other companies, such as a long-standing learning exchange at another financial services firm in Chicago.

Commitment to our Communities

Ariel's employees and leadership team take our community obligations personally. Through non-profit board service, we bring skill, expertise and passion to a variety of organizations, some of which are described below.

AFTER SCHOOL matters®

Mellody Hobson has served as Chair of the After School Matters (ASM) board of directors since 2012. ASM is a national leader in providing after school and summer learning opportunities to Chicago area high school students. The program served over 19,000 Chicago teens last year and has reached over 400,000 youth since inception in 1991.

Chicago CRED

Former U.S. Secretary of Education and Ariel board director Arne Duncan founded Chicago CRED—Create Real Economic Destiny—in 2016 to reduce gun violence in Chicago. The organization seeks to address the root causes of violence by providing support, mentorship and job training to at-risk individuals. John Rogers serves on its board of directors.

angeles investors

Ariel is a Gold sponsor of Angeles Investors, a volunteer-led angel investing group focused on educating the Hispanic community about venture capital and finding, funding and scaling the most promising ventures in the Hispanic and Latino/Latina space. Ariel Chief Administrative Officer Emma Rodriguez-Ayala co-founded Angeles in 2020 and serves on its board.

FSP FINANCIAL SERVICES PIPELINE INITIATIVE

Ariel is a Founding Member of the Financial Services Pipeline Initiative (FSP), which focuses on increasing representation in Chicago's financial services sector. FSP members collectively represent more than 30,000 leaders and professionals in the city's financial industry—close to 50% of the total industry population. John Rogers co-chairs its Executive Council.

Big Shoulders Fund®

In 1999, Charlie Bobrinskoy founded the Stock Market Program to provide opportunities for eighth-grade students to learn about investing concepts and careers in the financial industry from industry professionals. In partnership with the Big Shoulders Fund, the program has expanded to over 60 Chicago grade schools. Charlie also serves on the board of the Big Shoulders Fund and teaches investing classes at two local schools.

Governance

Governance is absolutely foundational to our long-term success and underpins every major decision we make.

Leading with Strong Governance

As corporate directors, our senior leaders have partnered with management teams on issues ranging from succession planning and complex transactions to corporate strategy and ESG best practices. This extensive experience informs our own governance practices as well as our interactions with our portfolio companies.

PUBLIC COMPANY	INDUSTRY	DIRECTOR	TENURE
ACI WORLDWIDE INC.	SERVICES	CHARLES K. BOBRINSKOY	2020 - 2022
AON PLC	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	1993 - 2012
AUTOMATIC DATA PROCESSING INC.	SERVICES	LES BRUN	2003 - 2015
BALLY TOTAL FITNESS HOLDING CORPORATION	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2003 - 2006
BANK ONE CORPORATION	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	1998 - 2004
BROADRIDGE FINANCIAL SOLUTIONS INC.	SERVICES	LES BRUN	2007 - PRESENT
CDK GLOBAL INC.	SERVICES	LES BRUN	2014 - 2022
CORNING INC.	CONSUMER PRODUCTS AND SERVICES	LES BRUN	2018 - PRESENT
DREAMWORKS ANIMATION SKG INC.	MEDIA	MELLODY HOBSON	2004 - 2016
THE ESTÉE LAUDER COMPANIES INC.	CONSUMER PRODUCTS AND SERVICES	MELLODY HOBSON	2004 - 2018
EXELON CORPORATION	INDUSTRIALS	JOHN W. ROGERS, JR.	2000 - 2019
G. HEILEMEN BREWING COMPANY	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	1992 - 1996
GATX CORPORATION	DIVERSIFIED INDUSTRIALS	JOHN W. ROGERS, JR.	1998 - 2004
GROUPON INC.	SERVICES	MELLODY HOBSON	2011 - 2014
HAMILTON LANE INC.	FINANCIAL SERVICES	LES BRUN	1991 - 2005
THE HEWLETT-PACKARD COMPANY	CONSUMER PRODUCTS AND SERVICES	LES BRUN	2015 - 2018
INNERWORKINGS, INC.	ADVERTISING	CHARLES K. BOBRINSKOY	2008 - 2020
JPMORGAN CHASE & CO.	FINANCIAL SERVICES	MELLODY HOBSON	2018 - PRESENT
MCDONALD'S CORPORATION	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2003 - 2023*
MERCK & CO. INC.	HEALTH CARE	LES BRUN	2008 - 2021
MORRISON KNUDSEN CORPORATION	INDUSTRIALS	JOHN W. ROGERS, JR.	1993 - 1996
THE NEW YORK TIMES COMPANY	MEDIA	JOHN W. ROGERS, JR.	2018 - PRESENT
NIKE INC.	CONSUMER PRODUCTS AND SERVICES	JOHN W. ROGERS, JR.	2018 - PRESENT
RYAN SPECIALTY HOLDINGS INC.	FINANCIAL SERVICES	JOHN W. ROGERS, JR.	2021 - PRESENT
STARBUCKS CORPORATION	CONSUMER PRODUCTS AND SERVICES	MELLODY HOBSON	2005 - PRESENT
TELLABS INC.	SERVICES	MELLODY HOBSON	2002 - 2005

* Term ended May 25, 2023

GOVERNANCE

Leveraging the expertise of our board members

We are proud of the deep knowledge and diverse perspectives represented on our own boards (Ariel Investments, Ariel Mutual Funds and Ariel Alternatives), and we benefit from their extensive experience and leadership on key ESG issues.

The Ariel Investments board of directors has a dedicated Corporate Responsibility, Sustainability and Governance Committee that oversees ESG implementation across Ariel Investments. Additionally, Ariel Investment Trust's Mutual Fund board of trustees regularly reviews our ESG practices.

OUR COMPANY BOARD OF DIRECTORS


MARTIJN CREMERS


ARNE DUNCAN


MELLODY HOBSON


VALERIE JARRETT


FAZAL MERCHANT


JOHN W. ROGERS, JR.


ANTHONY D. ROMERO


JUDY SMITH


HEATHER TOOKES


PAULA WOLFF

NAME	TITLE/COMPANY	TENURE	EDUCATION
MARTIJN CREMERS, PHD	DEAN OF THE MENDOZA COLLEGE OF BUSINESS UNIVERSITY OF NOTRE DAME	**2018**	PHD, NEW YORK UNIVERSITY BA, FREE UNIVERSITY AMSTERDAM
ARNE DUNCAN	MANAGING PARTNER EMERSON COLLECTIVE	**2016**	BA, HARVARD UNIVERSITY
MELLODY HOBSON	CO-CEO AND PRESIDENT ARIEL INVESTMENTS	**2000**	AB, PRINCETON UNIVERSITY
VALERIE JARRETT	FORMER SENIOR ADVISOR TO PRESIDENT BARACK OBAMA THE WHITE HOUSE	**2017**	JD, UNIVERSITY OF MICHIGAN LAW SCHOOL BA, STANFORD UNIVERSITY
FAZAL MERCHANT	FORMER CO-CEO TANIUM INC.	**2021**	MBA, INDIANA UNIVERSITY BBA, UNIVERSITY OF TEXAS AT AUSTIN
JOHN W. ROGERS, JR.	CHAIRMAN, CO-CEO AND CHIEF INVESTMENT OFFICER ARIEL INVESTMENTS	**1982**	AB, PRINCETON UNIVERSITY
ANTHONY D. ROMERO	EXECUTIVE DIRECTOR AMERICAN CIVIL LIBERTIES UNION	**2021**	JD, STANFORD UNIVERSITY LAW SCHOOL AB, PRINCETON UNIVERSITY
JUDY SMITH	FOUNDER & PRESIDENT SMITH & COMPANY	**2021**	JD, AMERICAN UNIVERSITY WASHINGTON COLLEGE OF LAW BS, BOSTON UNIVERSITY
HEATHER TOOKES, PHD	PROFESSOR OF FINANCE YALE SCHOOL OF MANAGEMENT	**2017**	PHD, CORNELL UNIVERSITY BA, BROWN UNIVERSITY
PAULA WOLFF, PHD	DIRECTOR ILLINOIS JUSTICE PROJECT	**1991**	PHD, UNIVERSITY OF CHICAGO MA, UNIVERSITY OF CHICAGO BA, SMITH COLLEGE

OUR MUTUAL FUND BOARD OF TRUSTEES


WILLIAM C. DIETRICH


MELLODY HOBSON


ERIC H. HOLDER, JR.


CHRISTOPHER G. KENNEDY


KIM Y. LEW


STEPHEN C. MILLS


JOHN W. ROGERS, JR.


JAMES M. WILLIAMS

NAME	TITLE/COMPANY	TENURE	EDUCATION
WILLIAM C. DIETRICH	RETIRED EXECUTIVE DIRECTOR SHALEM INSTITUTE FOR SPIRITUAL FORMATION, INC.	**1986**	BS, GEORGETOWN UNIVERSITY
MELLODY HOBSON	CO-CEO AND PRESIDENT ARIEL INVESTMENTS	**1993**	AB, PRINCETON UNIVERSITY
ERIC H. HOLDER, JR.	SENIOR COUNSEL COVINGTON & BURLING, LLP 82ND ATTORNEY GENERAL OF THE UNITED STATES	**2019**	JD, COLUMBIA LAW SCHOOL BA, COLUMBIA COLLEGE
CHRISTOPHER G. KENNEDY	CHAIRMAN JOSEPH P. KENNEDY ENTERPRISES, INC.	**1994**	MBA, NORTHWESTERN UNIVERSITY BA, BOSTON COLLEGE
KIM Y. LEW, CFA®	PRESIDENT & CEO COLUMBIA INVESTMENT MANAGEMENT COMPANY	**2014**	MBA, HARVARD BUSINESS SCHOOL BS, UNIVERSITY OF PENNSYLVANIA
STEPHEN C. MILLS	FORMER PRESIDENT NEW YORK KNICKS	**2015**	AB, PRINCETON UNIVERSITY
JOHN W. ROGERS, JR.	CHAIRMAN, CO-CEO AND CHIEF INVESTMENT OFFICER ARIEL INVESTMENTS	**2000**	AB, PRINCETON UNIVERSITY
JAMES M. WILLIAMS	VICE PRESIDENT & CHIEF INVESTMENT OFFICER J. PAUL GETTY TRUST	**2006**	MBA, UNIVERSITY OF CHICAGO BS, UNIVERSITY OF MICHIGAN


PAGET L. ALVES


JAMES BELL


STACY BROWN-PHILPOT


LESLIE A. BRUN


VICKI L. FULLER


MARK J. HAWKINS


WILLIAM M. LEWIS, JR.


JOHN W. ROGERS, JR.


SHELLEY STEWART, JR.


DAVID J. VITALE

NAME	TITLE/COMPANY	TENURE	EDUCATION
PAGET L. ALVES	FORMER CHIEF SALES OFFICER SPRINT CORPORATION	**2021**	JD, CORNELL UNIVERSITY BS, CORNELL UNIVERSITY
JAMES BELL	FORMER CFO THE BOEING COMPANY	**2023**	BS, CALIFORNIA STATE UNIVERSITY AT LOS ANGELES
STACY BROWN-PHILPOT	FORMER CEO TASKRABBIT INC.	**2023**	MBA, STANFORD UNIVERSITY BS, UNIVERSITY OF PENNSYLVANIA
LESLIE A. BRUN	FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER ARIEL ALTERNATIVES	**2021**	BS, STATE UNIVERSITY OF NEW YORK AT BUFFALO
VICKI L. FULLER	FORMER CHIEF INVESTMENT OFFICER NEW YORK STATE COMMON RETIREMENT FUND	**2023**	MBA, UNIVERSITY OF CHICAGO BSBA, ROOSEVELT UNIVERSITY
MARK J. HAWKINS	FORMER PRESIDENT AND CFO SALESFORCE, INC.	**2023**	MBA, UNIVERSITY OF COLORADO BA, MICHIGAN STATE UNIVERSITY
WILLIAM M. LEWIS, JR.	SENIOR PARTNER APOLLO GLOBAL MANAGEMENT, INC.	**2021**	MBA, HARVARD UNIVERSITY BA, HARVARD UNIVERSITY
JOHN W. ROGERS, JR.	CHAIRMAN, CO-CEO AND CHIEF INVESTMENT OFFICER ARIEL INVESTMENTS	**2023**	BA, PRINCETON UNIVERSITY
SHELLEY STEWART, JR.	FORMER CHIEF PROCUREMENT OFFICER DUPONT DE NEMOURS, INC.	**2023**	MBA, UNIVERSITY OF NEW HAVEN BS, MS, NORTHEASTERN UNIVERSTIY
DAVID J. VITALE	FORMER VICE CHAIRMAN BANK ONE CORPORATION	**2021**	MBA, UNIVERSITY OF CHICAGO BA, HARVARD UNIVERSITY

APPENDIX

Domestic ESG Specialists



JOHN OXTOBY
SENIOR VICE PRESIDENT
DIRECTOR OF ESG INVESTING

John is responsible for leading ESG research and portfolio company engagement for Ariel's domestic equity team and sits on the investment committee. John serves part-time on the faculty at the University of Chicago Harris School of Public Policy where he co-teaches a class on ESG and impact investing. John speaks publicly on sustainability issues, including appearances on CNBC, Bloomberg Green and other national media outlets. Prior to joining Ariel, John served in the Obama-Biden White House as associate director of the President's Jobs Council, a CEO-led advisory council focused on growing the clean energy economy and expanding workforce training. He also worked as a special assistant in the White House Office of Public Engagement and as an aide to the chairman of the council of economic advisers. Beyond Ariel, John serves on the board of directors of Hyde Park Art Center and Lincoln Park Zoo, as well as the investment committee of Leadership Greater Chicago. John is a member of the Economic Club of Chicago. In 2022, John was honored as one of Crain's Chicago 40 under 40 and in 2023, he was recognized as one of Crain's Chicago 2023 Notable Leaders in Sustainability. John graduated with a BA in economics from Harvard College and earned an MBA from Harvard Business School. He also holds the Fundamentals of Sustainability Accounting (FSA) credential administered by SASB and the Sustainability and Climate Risk certification administered by the Global Association of Risk Professionals (GARP).



MEAGAN TENETY
SENIOR ESG ANALYST

Meagan is involved with all facets of the domestic research team's ESG strategy, including research and corporate engagement. Before joining Ariel, she co-founded Nasdaq's ESG advisory practice, which involved leading engagements with corporate issuers on pivotal ESG issues and advising on risk, governance and implementation. Earlier in her career, she focused on international development, with an emphasis on mitigating labor and climate risks in global supply chains. Beyond her professional pursuits, Meagan serves as the president of the board at the Olancho Aid Foundation in Juticalpa, Honduras. She received a BS in finance from Lehigh University and an MBA from the University of Notre Dame.



NISHIT SHUKLA
SENIOR ESG RESEARCH ASSOCIATE

Nishit supports the domestic research team's ESG program and other firmwide initiatives. He joined Ariel following his internship with the ESG team. Before Ariel, he was an EDF Climate Corps fellow at Crestview Partners. He also co-authored India's first city-level low-carbon transition policy roadmap for the city of Pune. Additionally, Nishit co-founded ReHive, a venture consultancy firm that provides tailored venture-building support and scales climate startups in India. He received a bachelor of engineering specializing in mechatronics and robotics from Manipal Institute of Technology in Manipal, India. He also obtained a masters in public policy with certificates in finance and data analysis from the University of Chicago Harris School of Public Policy. Fluent in Hindi and Gujarati, Nishit is a University of Chicago Obama Scholar and a JN Tata Scholar.

DOMESTIC ESG SPECIALISTS

GLOBAL/EMV ESG SPECIALISTS

Global/EMV ESG Specialists



MICKY JAGIRDAR
SENIOR VICE PRESIDENT
HEAD OF INVESTMENTS, GLOBAL EQUITIES
PORTFOLIO MANAGER

Micky is Portfolio Manager of our separately managed international and global strategies and funds, as well as Head of Investments for the global equities team, where he is charged with leading thought-provoking discussions and augmenting the critical thinking skills of the research team. Micky joined Ariel in 2011 after spending over eight years as an equity research analyst at various investment firms, including Smith Jacobs and September Group Partners, where he focused on global absolute return strategies. In 2020, Micky obtained the FSA credential, awarded by the Sustainable Accounting Standards Board for professionals who understand the link between sustainability and financial performance. Fluent in several Indian languages including Hindi, Micky earned a Bachelor of Commerce in accounting and finance from the University of Mumbai and an MBA in finance and investments from the Zicklin School of Business at Baruch College.



VIVIAN LUBRANO
SENIOR VICE PRESIDENT, GLOBAL EQUITIES
PORTFOLIO MANAGER AND SENIOR RESEARCH ANALYST

Vivian functions as Portfolio Manager and a Senior Research Analyst on Ariel's global equities team, which encompasses our international and global strategies. She joined from AllianceBernstein (AB) where she spent over 15 years—most recently as portfolio manager for both the AB Diversity Champions–a thematic, global equities portfolio focused on diversity, equity and inclusion—and AB Responsible U.S. Equity (ReUSE)—a large-cap U.S. equities portfolio exclusive to Bernstein Private Wealth Management. Before becoming a portfolio manager, Vivian was a senior research analyst on AB's emerging markets value and emerging markets strategic core offerings where over the years her research spanned financials, internet, construction and construction materials, consumer cyclicals, consumer staples, and industrials companies. She began her career as an investment banking analyst in the global leveraged and corporate finance division at Merrill Lynch & Company. A native of the Dominican Republic, and fluent in Spanish and French, she earned a BS in operations research and industrial engineering from Cornell University and an MBA from the Wharton School of the University of Pennsylvania.



CHRISTINE PHILLPOTTS, CFA®
SENIOR VICE PRESIDENT, EMERGING MARKETS EQUITIES
PORTFOLIO MANAGER AND SENIOR RESEARCH ANALYST

Christine serves as Portfolio Manager for Ariel's emerging markets value strategies. Additionally, as a Senior Research Analyst, she researches consumer and real estate stocks across Asia, Latin America, Middle East and Eastern Europe. She also covers all sectors in Africa. Christine joined Ariel after 10 years at AllianceBernstein (AB) where she held the positions of portfolio manager and senior research analyst in emerging and frontier markets. She was part of the group that launched the Next 50 Emerging Markets Fund, AB's inaugural frontier markets strategy. Before AB, Christine was the global portfolio manager for the Grassroots Business Fund, which spun out of the International Finance Corporation and invests in privately held emerging markets companies. There, she sourced, supervised and structured investments across Africa and helped establish the fund's first international office in Nairobi, Kenya. As a member of the fund's investment committee, Christine also evaluated transactions in Latin America and Asia. Previously, she worked at J.P. Morgan Asset Management as an equity research associate covering U.S. technology stocks. Christine serves on the board of directors of the Small Enterprise Assistance Funds, an impact-focused emerging market private equity fund. Formerly, she was on the board of the CFA Society New York. Christine is also a Robert Toigo Foundation Fellow and a CFA Charterholder. Fluent in French, she obtained her BA in economics with *summa cum laude* from Columbia University and an MBA from Harvard Business School.



KEVIN BUTTIGIEG
VICE PRESIDENT
SENIOR RESEARCH ANALYST, GLOBAL EQUITIES

Kevin leverages his 20 years of internet and software research experience to support our coverage of the global technology and industrials sectors. He also works closely with the global team on broker relations and proxy voting activities. Prior to joining Ariel as a research associate in 2018, Kevin worked at various Wall Street firms including Collins Stewart/ Canaccord Genuity, AG Edwards and UBS. Kevin earned a BS from Union College and an MBA from the Wharton School of the University of Pennsylvania.

Rupal J. Bhansali was the Chief Investment Officer and Portfolio Manager until August 31, 2023.

Global/EMV ESG Specialists



TED MANN, CFA®
VICE PRESIDENT
SENIOR RESEARCH ANALYST
EMERGING MARKETS EQUITIES

As a Senior Research Analyst on Ariel's emerging markets value team, Ted follows technology stocks and Latin America. Previously, he worked at AllianceBernstein (AB) for 16 years, most recently as a senior research analyst on the value equities team covering all sectors in Latin America. Prior to working with the value equities team, Ted was an analyst for AB's strategic opportunities fund, a multi-asset hedge fund, where he assessed equity and credit investments. Formerly, Ted was part of AB's wealth management group where he researched and evaluated the investment planning needs for its high-net-worth clients. Additionally, he worked on AB's trading and investment services teams. Before entering the financial services industry, Ted was employed at ESPN. Outside of Ariel, Ted is treasurer of the Irvington Education Foundation, a non-profit organization supporting New York local public schools. He holds a BS in economics with a minor in mathematics from Duke University and is a CFA Charterholder. Fluent in French, he holds a BS in economics with a minor in mathematics from Duke University and is a CFA Charterholder.

Ariel Alternatives ESG Specialist



AARTI KOTAK
MANAGING DIRECTOR
HEAD OF ESG AND SOCIAL IMPACT

Aarti designs and executes Project Black's long-term impact strategy, which is focused on building Black and Latino/a wealth. Specifically, she leads the firm's impact and ESG investment diligence as well as its impact measurement and management efforts and works to align with and support portfolio company management as they execute their impact strategy. She also serves as a board director for platform company CQ_Fluency, a healthcare translation and communication solutions provider. Prior to joining Ariel Alternatives, she served as the chief strategy and operations advisor at PEAK6, a financial services and investment firm. Previously, she served in multiple roles in the administration of Mayor Rahm Emanuel, including as his deputy chief of staff for neighborhood economic development where she led the Mayor's neighborhood efforts, particularly in communities of color. She is also an attorney and worked in the real estate practice at DLA Piper LLP. Aarti serves on the boards of Navy Pier, Inc. and the Illinois Sports Facilities Authority. She earned a JD with distinction from Stanford University School of Law and graduated *magna cum laude* with a BA in political science and a minor in Spanish from the University of Illinois at Urbana-Champaign.

ESG Partnerships

CDP (Formerly Carbon Disclosure Project) (Corporate Signatory)

CDP is a global disclosure standard for companies, cities, states and regions to report their environmental impacts.

CEO ACTION FOR DIVERSITY & INCLUSION (Corporate Signatory)

CEO Action for Diversity & Inclusion is a collective action pledge aimed at rallying the business community to advance diversity and inclusion within the workplace.

CERES (Ceres Investor Network on Climate Risk and Sustainability) (Corporate Member)

Ceres is a non-profit organization bringing together leading investors and corporations to advance solutions for a sustainable future for people and the planet.

COUNCIL OF INSTITUTIONAL INVESTORS (CII) (Corporate Member)

CII is a diverse community of professionals who come together to learn, share perspectives and advocate. CII educates members and the public about best practices in corporate governance and provides opportunities for members to interact with peers, investment executives and policymakers.

INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN) (Corporate Member)

Led by investors responsible for assets under management in excess of $59 trillion, ICGN brings together companies and stakeholders around the world. ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, social prosperity and a healthy environment.

INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB) (Corporate Member)

The ISSB Investor Advisory Group (IIAG) is comprised of investors committed to improving the quality and comparability of sustainability-related financial disclosures. The IIAG serves as an advisory body to the ISSB.

JUST CAPITAL (John Rogers, Board Member)

JUST Capital is a leading platform for measuring and improving corporate performance in the stakeholder economy.

MIDWEST INVESTOR DIVERSITY INITIATIVE (MIDI) (Corporate Member)

MIDI is a coalition of institutional investors dedicated to increasing racial, ethnic and gender diversity on corporate boards of companies headquartered in Midwestern states.

NYU STERN CENTER FOR BUSINESS AND HUMAN RIGHTS (John Rogers, Advisory Council Member)

The organization conducts research on current challenges at the intersection of business and human rights.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) (Corporate Signatory)

PRI is a United Nations-supported international network of investors working together to implement six principles of responsible investing.

RFK HUMAN RIGHTS (John Rogers, Board Member)

The RFK Compass Investor Program supports investors and asset managers to consider human rights issues in the investment process while seeking superior risk-adjusted returns.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) (Corporate Supporter)

The TCFD developed voluntary, consistent recommendations for companies seeking to disclose information on climate-related financial risks to investors, lenders and insurance underwriters.

THIRTY PERCENT COALITION (Corporate Member)

The Thirty Percent Coalition is a national investor coalition advocating for increased diversity on public and private company boards.

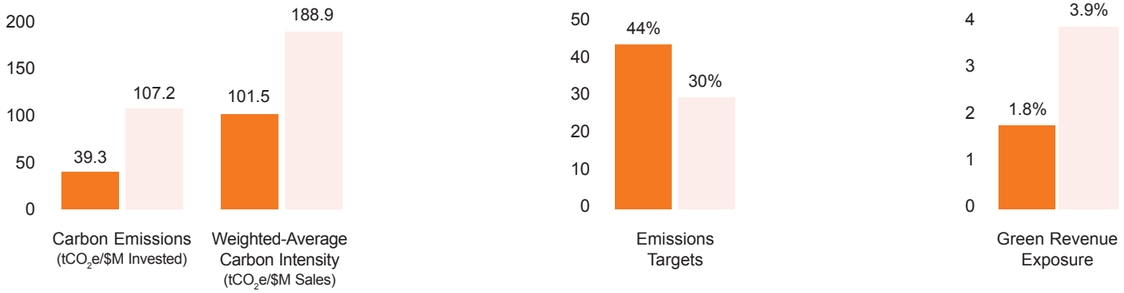
Portfolio Metrics

ESG performance benchmarking is a key component of our risk and opportunity analysis across all strategies.

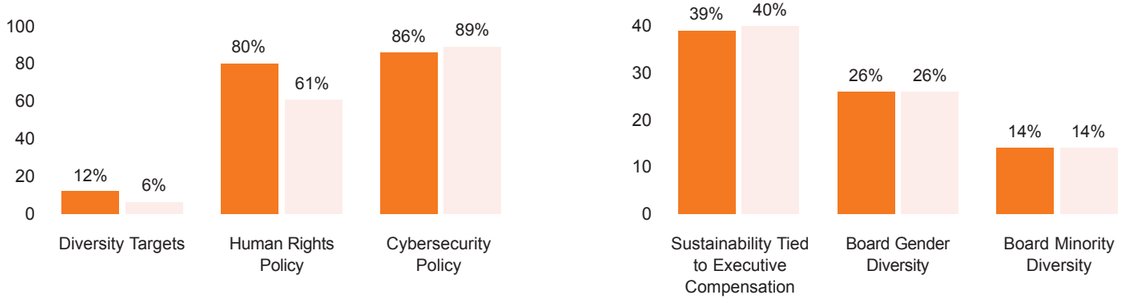
Ariel Small Cap Value

Represents the Ariel Small Cap Value Tax-Exempt Composite and its representative account.

ENVIRONMENTAL



SOCIAL



GOVERNANCE

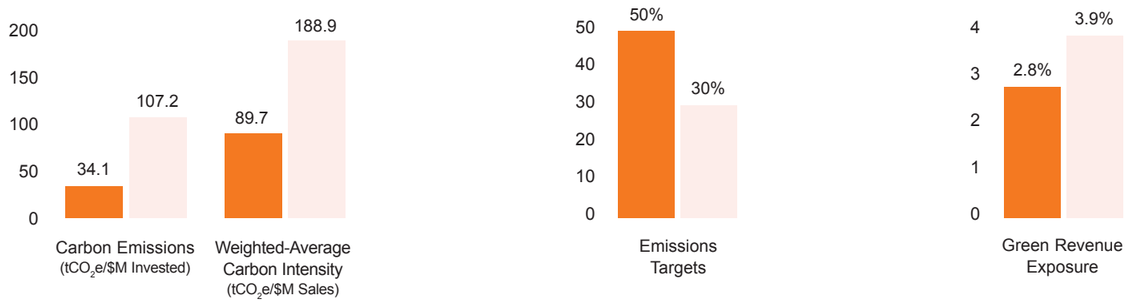
PORTFOLIO PRIMARY BENCHMARK

As of December 31, 2023 carbon emissions, weighted average carbon intensity and green revenue exposure data sourced from MSCI. All other data sourced from Refinitiv. Calculations are by Ariel Investments. Portfolio metrics are inclusive of equity, cash and currency forward positions. MSCI and Refinitiv make no express or implied warranties or representations and shall have no liability whatsoever with respect to any of their data contained herein. This report is not approved or produced by MSCI or Refinitiv. Ariel cannot guarantee the accuracy, completeness or reliability of the third-party data presented and accepts no responsibility or liability whatsoever for such third-party data. The information provided is for illustrative purposes only, is on a historic basis and does not mean that the portfolio composition is currently the same, or will remain the same, for each listed strategy.

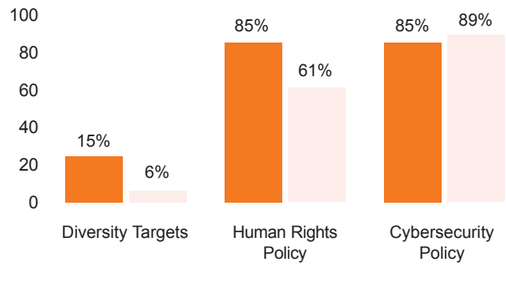
Ariel Small Cap Value Concentrated

Represents the Ariel Small Cap Value Concentrated Composite and its representative account.

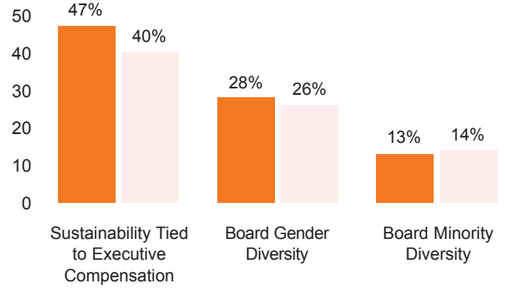
ENVIRONMENTAL



SOCIAL



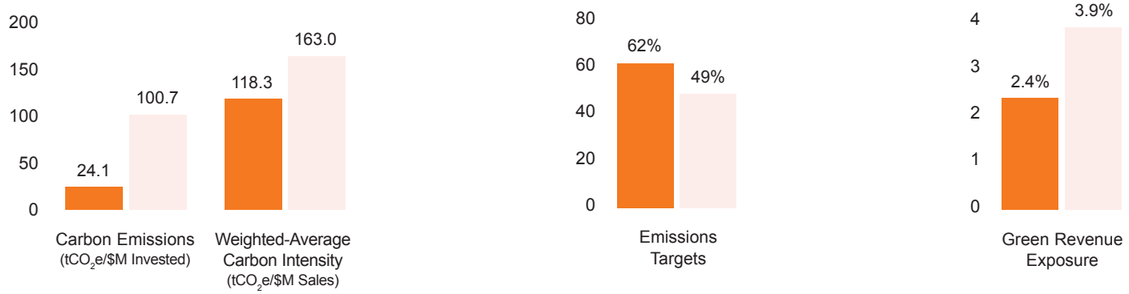
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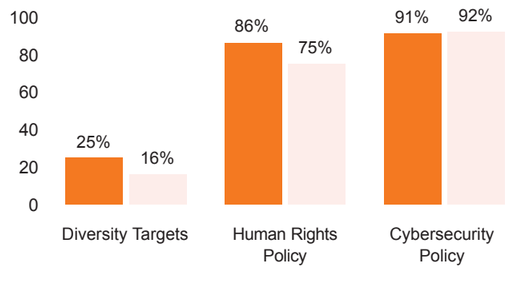
Ariel Small/Mid Cap Value

Represents the Ariel Small/Mid Cap Value Composite and its representative account.

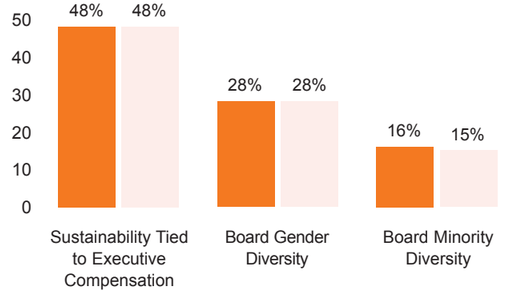
ENVIRONMENTAL



SOCIAL



GOVERNANCE

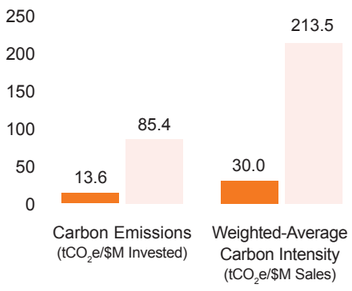


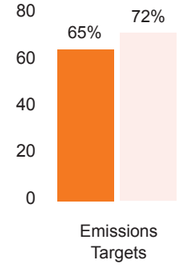
PORTFOLIO PRIMARY BENCHMARK

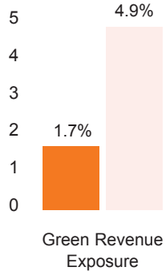
Ariel Mid Cap Value

Represents the Ariel Mid Cap Value Composite and its representative account.

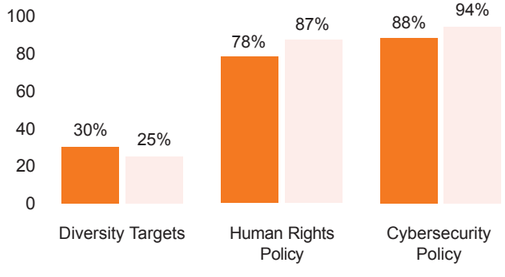
ENVIRONMENTAL



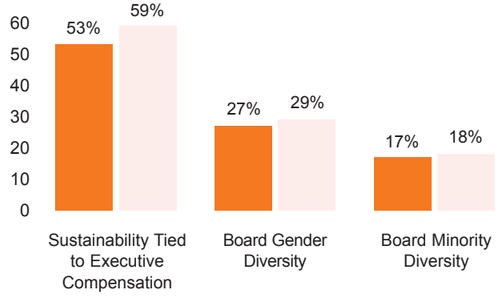




SOCIAL



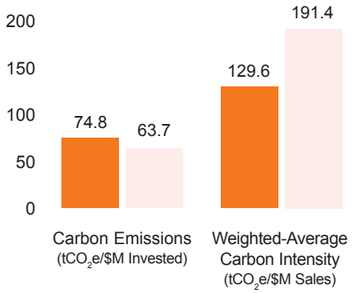
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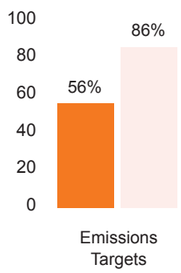


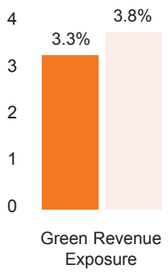
Ariel Focused Value

Represents the Ariel Focused Value Composite and its representative account.

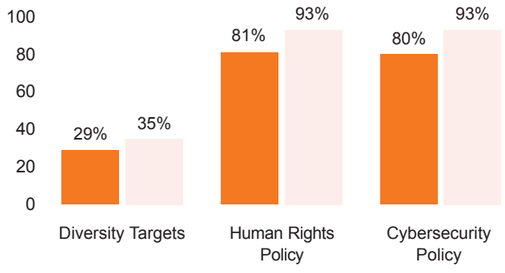
ENVIRONMENTAL



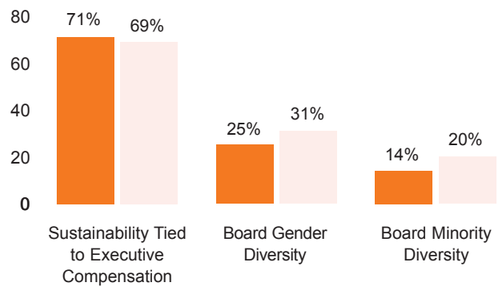




SOCIAL



GOVERNANCE

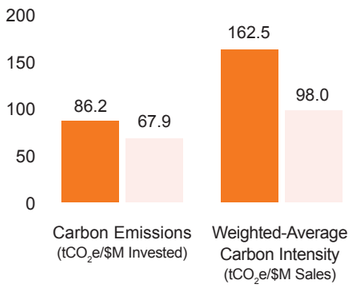


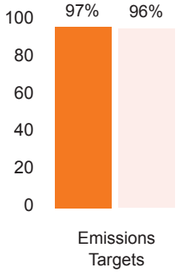
PORTFOLIO PRIMARY BENCHMARK

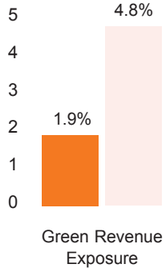
Ariel International (DM)

Represents the Ariel International (DM) Composite and its representative account.

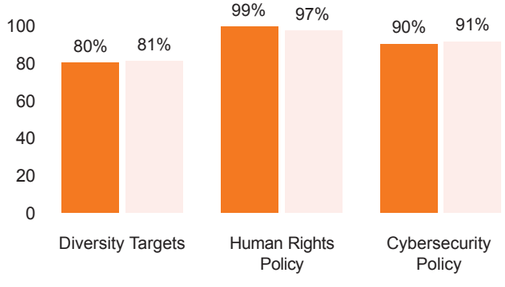
ENVIRONMENTAL



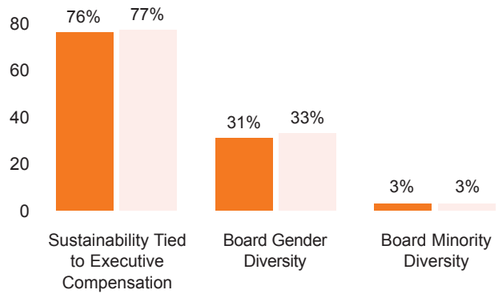




SOCIAL



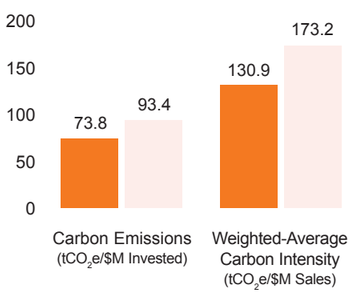
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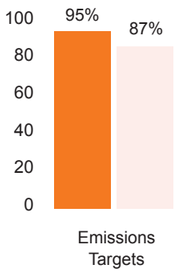


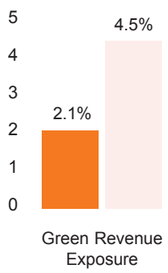
Ariel International (DM/EM)

Represents the Ariel International (DM/EM) Composite and its representative account.

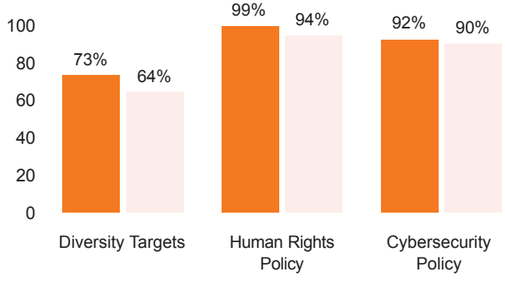
ENVIRONMENTAL



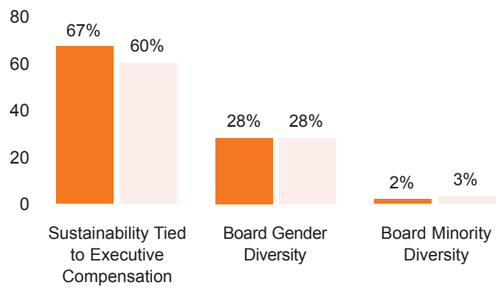




SOCIAL



GOVERNANCE

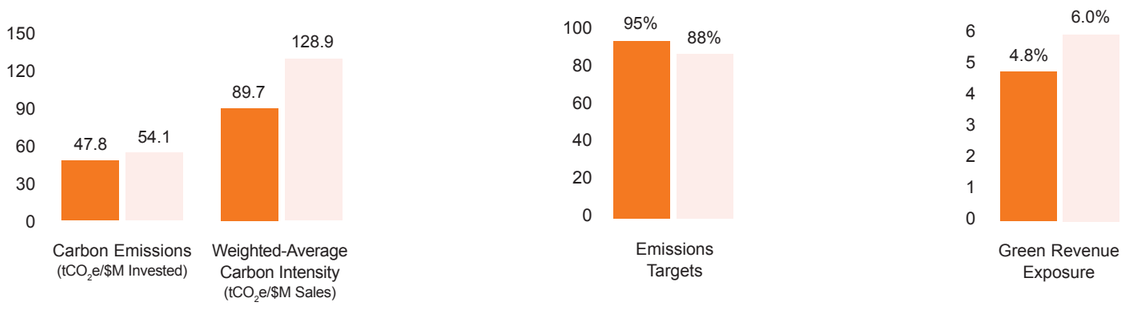


PORTFOLIO PRIMARY BENCHMARK

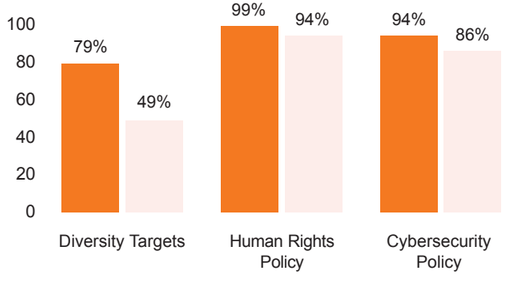
Ariel Global

Represents the Ariel Global Composite and its representative account.

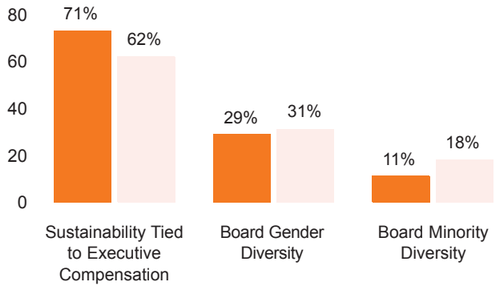
ENVIRONMENTAL



SOCIAL



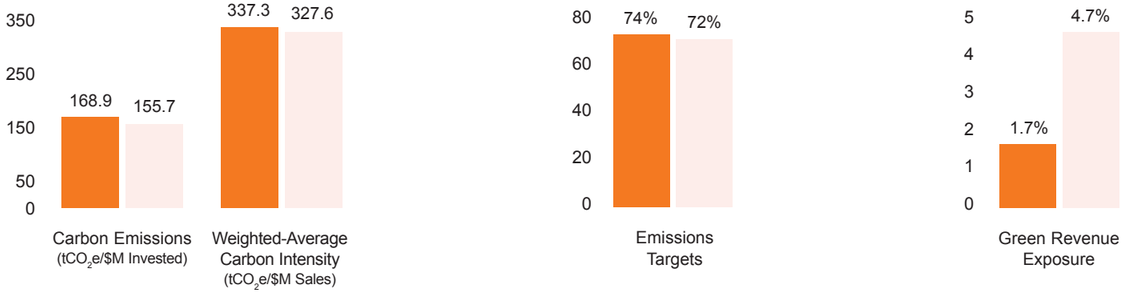
GOVERNANCE



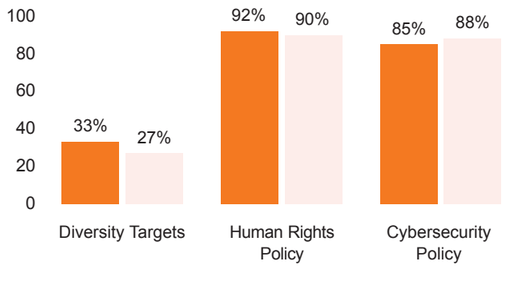
Ariel Emerging Markets Value

Represents the Ariel Emerging Markets Value Composite and its representative account.

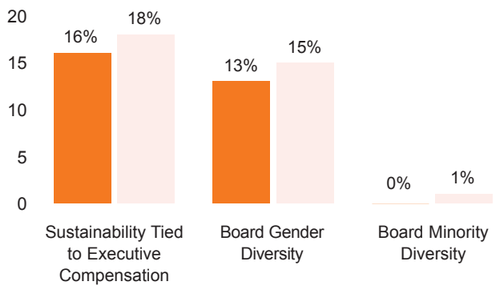
ENVIRONMENTAL



SOCIAL



GOVERNANCE

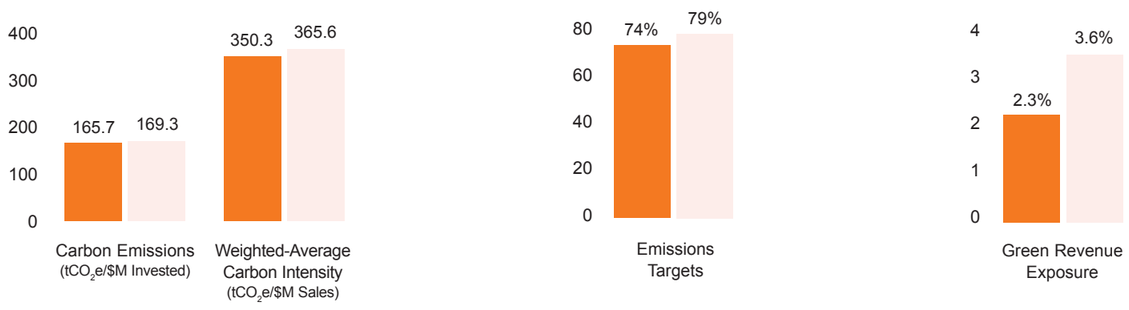


PORTFOLIO PRIMARY BENCHMARK

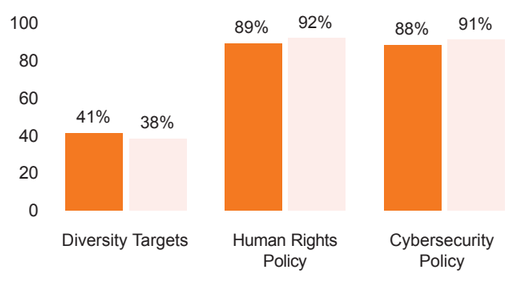
Ariel Emerging Markets Value ex-China

Represents the Ariel Emerging Markets Value ex-China Composite and its representative account.

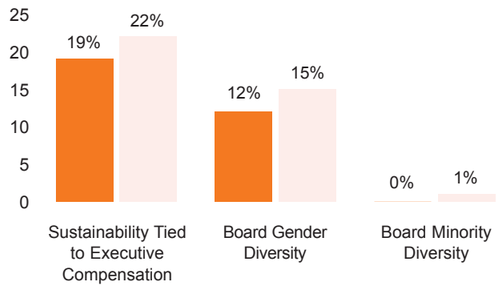
ENVIRONMENTAL



SOCIAL

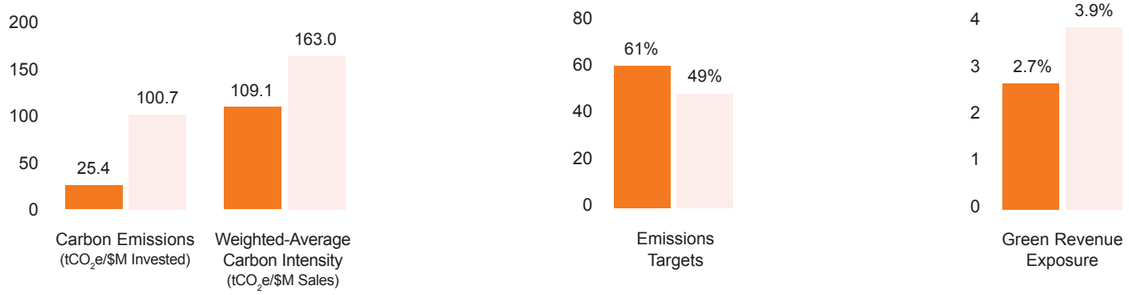


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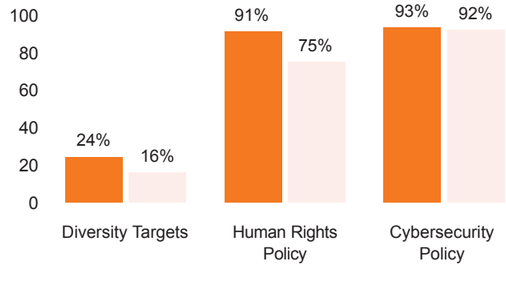


Ariel Fund

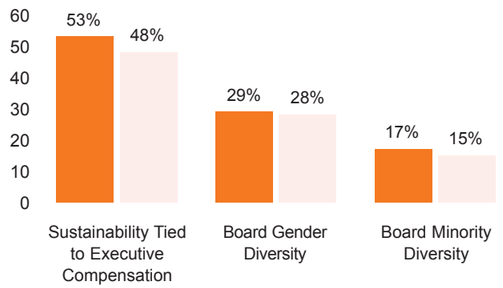
ENVIRONMENTAL



SOCIAL



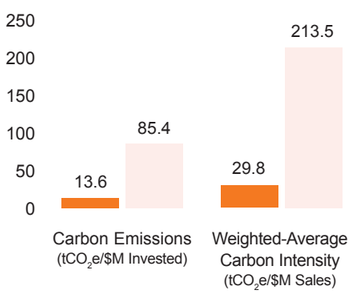
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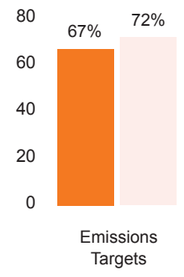


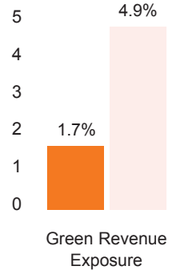
PORTFOLIO PRIMARY BENCHMARK

Ariel Appreciation Fund

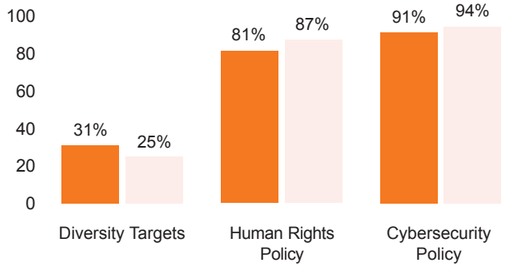
ENVIRONMENTAL



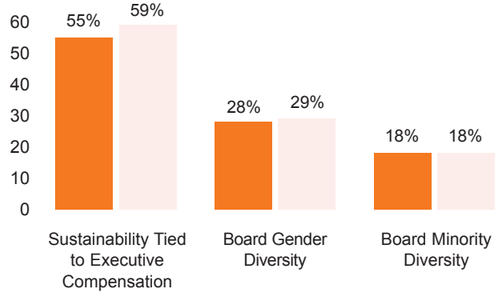




SOCIAL

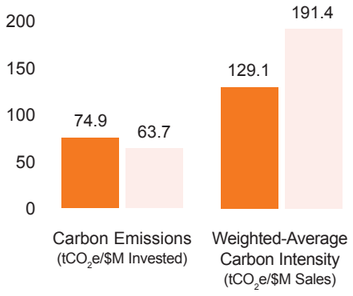


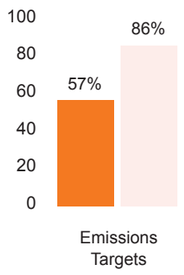
GOVERNANCE

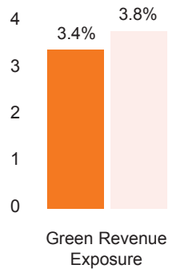


Ariel Focus Fund

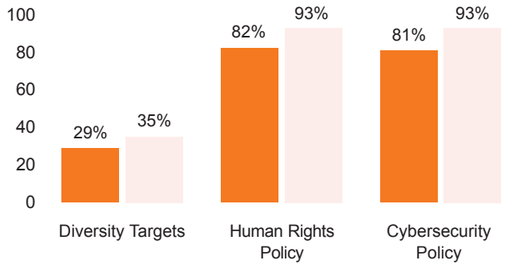
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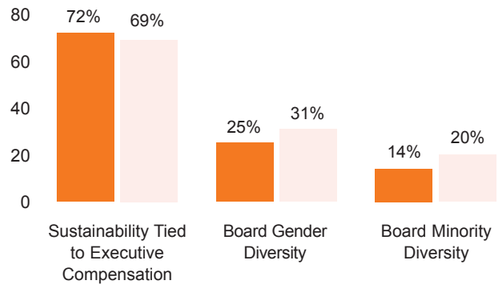




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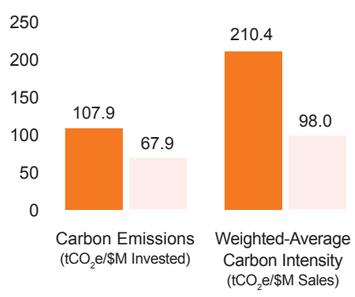
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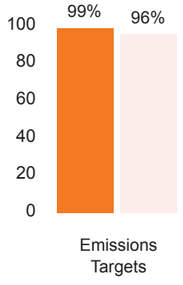


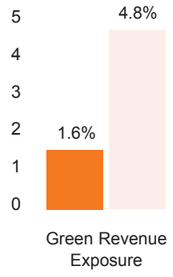
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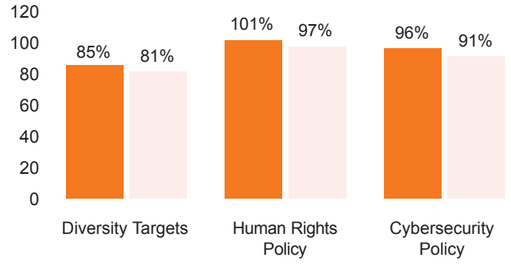
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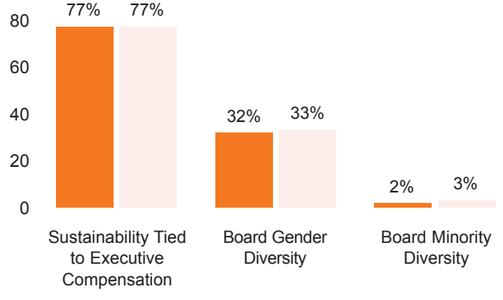




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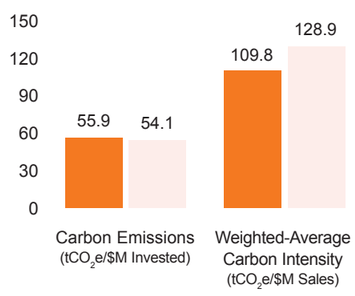


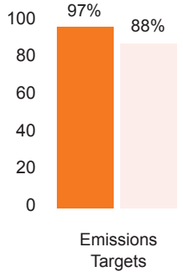
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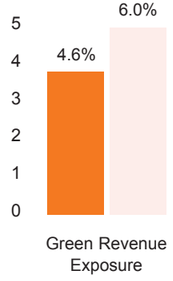


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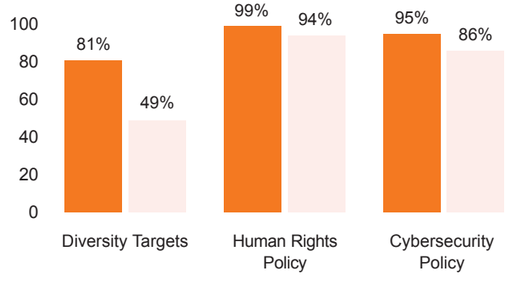
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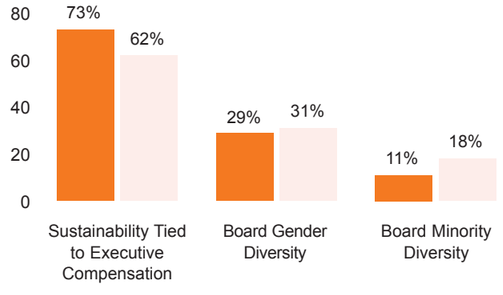




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