

## RESPONSIBLE INVESTMENT POLICY

### 1. Introduction

The Music Center Foundation (the “MCF”) provides endowment support to The Music Center/Performing Arts Center of Los Angeles County and its Resident Companies.<sup>1</sup> The MCF is committed to responsibly managing the endowment by generating financial returns while also seeking to align our investments with our Guiding Principles, as defined below. In furtherance of this commitment, the MCF intends for this policy (this “RI Policy”) to reflect the MCF's general framework for integrating sustainability considerations across the MCF’s investment activities, including when the MCF engages with external investment consultants (“Investment Consultants”) and third-party investment managers (“Investment Manager(s)”). The MCF will integrate this RI Policy and sustainability factors to the extent that it aligns with the vision and mission of the MCF and is consistent with and subject to its fiduciary and/or contractual duties.

The MCF's assets are managed in a diversified portfolio with a long-range focus. The investment objective of the MCF is long-term growth with liquidity for annual distributions and expenses, as well as flexibility for special distribution needs.

### 2. Guiding Principles

The MCF seeks to align its approach to responsible investment with its guiding principles, as provided in this Section 2 (the “Guiding Principles”).

#### *Managing our endowment in a responsible manner*

The global investment community is increasingly recognizing the importance of aligning its investment practices with environmental, social, and governance (ESG) principles. This RI Policy will guide the MCF, its Board of Directors, and its Investment Committee on how to pursue responsible investing while also satisfying our fiduciary duties. In support of our mission, the MCF is committed to managing our endowment to provide superior long-term returns to The Music Center/Performing Arts Center of Los Angeles County and its Resident Companies while simultaneously upholding ethical concerns. Further, the MCF embraces a policy of inclusion and engagement with our investment managers, as opposed to exclusions, divestments or “negative screens.”

#### *Diversity, Equity and Inclusion (“DEI”)*

The MCF, its Board of Directors and its Investment Committee (the “Investment Committee”) are committed to cultivating and preserving a culture of DEI. We recognize that an environment rich in different backgrounds, perspectives, and experiences enhances our business decisions, achievements, and impact on our communities. We welcome and support differences in age, race, ethnicity, color, national origin, native language, religion, political affiliation, socio-economic status, veteran status, sexual

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<sup>1</sup> The “Resident Companies” include the Center Theatre Group, Los Angeles Master Chorale, Los Angeles Opera Company, and Los Angeles Philharmonic Association.

orientation, family and marital status, gender identity and expression, physical ability, neurodiversity, and other characteristics that make our team members, partners, and vendors unique. The MCF will seek to extend its commitment to DEI to its externally engaged managers and to consider their diversity efforts and achievements as one of several factors when reviewing prospective and current Investment Managers.

### **3. Scope and Limitations**

Since the MCF's assets are invested by Investment Managers retained by the MCF's Investment Committee, the MCF's ability to influence and exercise control over investments is limited, as the MCF rarely is involved in specific investment processes and decisions. Further, in evaluating prospective and existing Investment Managers, the MCF often depends on information and data provided by Investment Consultants. The Investment Committee's ability to accurately analyze Investment Managers' sustainability and DEI practices and/or related risks and opportunities, therefore, depends on the information and data provided by the Investment Consultants. In cases where the MCF determines it has limited ability to conduct diligence or to influence and control the consideration of sustainability issues in connection with a specific Investment Manager, the MCF will only apply those elements of this RI Policy that it determines to be practicable.

### **4. Enhancing RI Management Acumen**

To support the integration of the principles outlined in this RI Policy, the MCF will seek to develop RI management acumen among its investment professionals. This commitment will be supported by:

- (a) making this RI Policy available to the MCF's Investment Committee, Investment Consultants, and Investment Managers;
- (b) disclosing this RI Policy as required and upon request, and making the Guiding Principles publicly available on the MCF's website and in the MCF's annual report;
- (c) forming an ESG Committee, which together with the Investment Committee, will be responsible for reviewing and implementing this RI Policy, including working with our Investments Managers and the Investment Consultants;
- (d) working closely with the Investment Consultant to understand how Investment Managers consider relevant responsible investing factors that may have a material impact on the long-term financial performance of the MCF's endowment portfolio;
- (e) receiving regular endowment portfolio evaluations from the Investment Consultants and such other documentation that reflect the implementation of this RI Policy; and
- (f) using commercially reasonable efforts to remain reasonably informed about developments relating to sustainable investing and best practices relevant to endowments.

### **5. Analysis of the Investment Processes and Due Diligence**

Subject to the MCF's reasonable determination based on the attendant facts and circumstances at the time, the Investment Committee will seek to:

- (a) apply a sustainability due diligence framework, together with the Investment Consultants, including reviewing existing and prospective Investment Manager's ESG, DEI, and responsible investment policies and governance to assess and understand how they integrate sustainability issues and risks into its investment decisions on behalf of the MCF;

(b) require that diligence material provided by the Investment Consultant to the Investment Committee include information on how prospective Investment Managers consider responsible investing and sustainability-related risks and opportunities in their investment processes and asset management;

(c) document any sustainability-related matters covered in due diligence and to consider such findings before approving a new Investment Manager;

(d) require that the Investment Consultant report to the Investment Committee any material sustainability risks identified with a specific Investment Manager;

(e) require that regular endowment portfolio evaluations provided by the Investment Consultants include sustainability-related information to the extent that such information is reasonably available; and

(f) ensure that material responsible investing risks identified in due diligence are appropriately addressed, and negative impacts are appropriately mitigated, where practicable and commercially reasonable to do so.

## **6. Accountability and Transparency**

The MCF will seek to promote accountability and transparency with respect to its consideration of material sustainability issues in respect the endowment's investments. The MCF will seek to do this by (i) integrating responsible investing information in its periodic reporting, and other communications internally, and (ii) by reviewing this RI Policy annually and amending, supplementing or otherwise modifying this RI Policy as it deems appropriate, including in response to changes in industry demands and regulations. As appropriate, the ESG Committee and Investment Committee may seek input from the Board and other resources for purposes of the foregoing.

*This RI Policy was last updated in December 2023 and is subject to change as the MCF considers necessary or advisable.*