

June 2023

Progress on Our Pledge

Diversity, equity and inclusion annual report

DIAMOND HILL


INVESTED IN THE LONG RUN



At Diamond Hill, we believe differentiated thinking is necessary for delivering excellent investment outcomes for our clients. Therefore, we are committed to fostering an environment that is diverse, equitable and inclusive to empower intellectually curious professionals to do their best work.

In our [2020 pledge](#), we formalized and amplified our efforts to support diversity, equity and inclusion (DEI). Our DEI initiatives are driven by associates across the firm who are enthusiastic about leading sustainable efforts under four pillars: inclusive culture, workforce diversity, philanthropy and community, and vendor and policy. We have also committed the necessary resources and created a structure to ensure we can continue to prioritize and execute on initiatives.

We know DEI is a continuous journey, and we recognize that transparency and accountability are critical to driving real change. As such, we are pleased to provide our second annual report on progress we have made on our pledge and additional commitments over the past year.



Our DEI work is advanced through our DEI Action Team, which consists of associate volunteers from across the firm who work with management to develop and execute on initiatives that further our mission.

Inclusive Culture



Our commitment

An inclusive culture is imperative to support diversity in any organization. Under this pillar, we aim to foster inclusion at Diamond Hill and communicate openly with associates on our DEI progress and efforts. Areas of focus in our inclusive culture work include:

- Building awareness around DEI issues in the workplace and aiming to further embed DEI into our culture at Diamond Hill.
- Fostering conversation and employee engagement.
- Increasing communications and transparency both internally and externally.

Progress since July 2022

Building awareness and further embedding DEI into our culture

- We implemented a new training platform to engage associates in self-education, build a shared vocabulary, develop new skills and work together to strengthen our inclusive culture.
- Associates completed harassment prevention and managing unconscious bias courses. We also made available a wide range of content, including micro-learning videos and documents on DEI topics such as allyship, microaggressions and anti-racism.
- We began holding DEI interest group meetings regularly to allow all associates to provide feedback on, and be informed about, our DEI initiatives, and to solicit recommendations for future partnerships and areas of focus.

Fostering conversation and employee engagement

Our associate-led DEI resource group, launched in 2020, continues to meet and create opportunities for active learning and conversations among associates through:

- Bi-monthly education sessions (including discussions on books, podcasts, TED talks, etc.).
- Inviting organizational leaders and other professionals in DEI spaces to present or lead discussions for lunch-and-learn sessions.
- Our “Did You Know” series, sent to all associates bi-weekly, which helps increase awareness of important events, topics and celebrations that may have historically been overlooked.

Increasing communication and transparency

- We continue to produce our annual DEI report each June, where we reflect on our commitments and progress.
- We continue to emphasize transparency and communication in our DEI efforts. Our company website features a dedicated DEI section, including our DEI philosophy and access to our annual progress report. We also have a dedicated DEI section on our internal site and produce a DEI newsletter sent to all associates.

One way we are meeting the challenge of measuring progress in fostering an inclusive culture is making better use of our annual employee engagement survey. In 2020, we began asking questions designed to help uncover sentiments around inclusion and have added more DEI-related questions each year.

We were pleased to see that survey respondents continued to express positive sentiments around inclusion, belonging and fairness in 2022. The survey also helps us identify areas for improvement. For example, an area of focus for 2023 and beyond will be to create an environment where associates are encouraged to share contrary opinions. We are also planning a change from an annual engagement survey to more frequent pulse surveys to improve the timeliness of awareness and response to associate sentiments.

Workforce Diversity



Our commitment

We aim to create an inclusive workforce that values and promotes diversity over the long term. We believe a more diverse team of associates can help us better achieve outstanding results. Areas of focus in our workforce diversity pillar include:

- Establishing and growing a program aimed at providing internship and permanent employment opportunities to historically underrepresented groups as well as a student loan forgiveness program for our interns and permanent employees.
- Refocusing our recruitment practices to ensure we proactively seek a diverse slate of candidates for open roles. If we are unable to source diverse talent for consideration for new roles, we will engage third-party resources to increase our pool of qualified diverse candidates.
- Fostering and supporting diversity among our own associates. This includes expanding our inclusive hiring practices and broadening the diversity of candidates we reach in our recruiting efforts.
- Working to further contribute to the representation of historically underrepresented groups in our industry’s talent pipeline. This includes sponsoring educational initiatives for students from historically underrepresented groups, including scholarship opportunities.

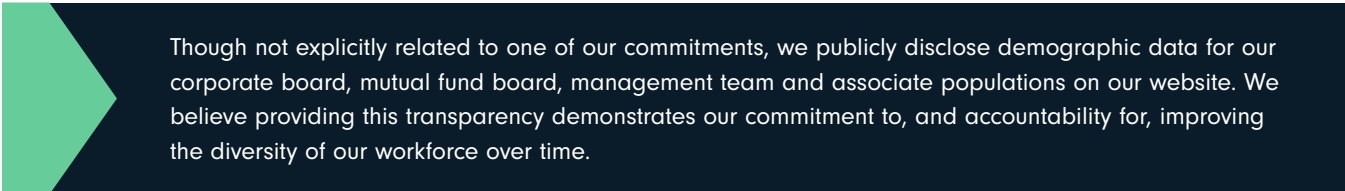
Progress since July 2022

Increasing internship and employment opportunities and growing the industry pipeline for diverse talent

- We partnered with several colleges and universities for recruitment, mentorship and education, and participated in a number of virtual and in-person events at these schools.
- We continue to explore intentional and proactive hiring techniques as part of our efforts to increase the share of historically underrepresented groups among our interns and associates. For example, we offer inclusive hiring micro-learnings to hiring teams and have begun offering housing assistance and other benefits for our summer interns to make our program more attractive to a broader population.
- Our internship program continues to include a comprehensive education component, with multiple sessions open to our partner colleges and other diversity programs.
- We launched a scholarship program to help reverse the disproportional student loan gap and to support long-term financial wellness and equity for underrepresented groups. We will seek to award up to two scholarships to summer interns who demonstrate our core values of curiosity, ownership, trust and respect.

Refocusing recruitment practices and fostering diversity among our associates

- In conjunction with our philanthropic efforts, we continue to partner with several organizations to help build a more diverse financial services industry talent pipeline and broaden our own recruitment efforts. We advertise many open roles and sponsor events with these partners.
- Our five-year average employee turnover rate is less than 9%. Therefore, to improve the diversity of our associate population, we broadened our recruiting partnerships and implemented various internal hiring practices, and we collect demographic data from applicants to ensure we meet this commitment.
- We continue to offer a loan forgiveness program to address the inequalities of the student loan gap. Interns and full-time employees are eligible to receive a monthly contribution to assist with the repayment of their qualified student loans.



Though not explicitly related to one of our commitments, we publicly disclose demographic data for our corporate board, mutual fund board, management team and associate populations on our website. We believe providing this transparency demonstrates our commitment to, and accountability for, improving the diversity of our workforce over time.

Philanthropy and Community



Our commitment

We believe we can have a positive impact on our industry and our community through our philanthropic activities. Our activities under this pillar are guided by three aims:

- Building a more diverse financial services industry talent pipeline.
- Emphasizing efforts that focus on historically underrepresented groups, with partnerships allowing Diamond Hill to have an outsized impact.
- Supporting organizations that contribute to a vibrant minority business community.

To aid our efforts, in 2020, we pledged an initial \$1 million over five years to organizations that support anti-racism and DEI efforts.

Progress since July 2022

We have distributed and/or committed more than half of our initial pledged funds to partners and organizations that align with our efforts.

Building a more diverse financial services pipeline and focusing on historically underrepresented groups

- We remain on target to distribute \$1 million to organizations that support anti-racism and DEI efforts by the end of 2025.
- We continue to deepen our partnerships with organizations that have long-standing commitments to providing financial services career opportunities for members of diverse and/or historically underrepresented groups.
- Our efforts on this commitment are highlighted in further detail in the Workforce Diversity and Partner Spotlight sections of this report.

Continuing to emphasize partnerships that allow Diamond Hill to have an outsized impact and/or allow us to contribute to a vibrant minority business community

We have taken steps to increase our support of charitable organizations that allow our associates to have a more direct impact on DEI efforts within our industry and our community.

- To support our associates' engagement with charitable organizations, the firm recently began making annual financial contributions to non-profit organizations that have Diamond Hill associates as members of their boards or committees.
- We recently launched a new, firm-wide, community service initiative in which our associates engage in activities to give back to local non-profit organizations. We created a community engagement calendar, which promotes cultural appreciation and increases our associates' awareness of local volunteer opportunities.

Vendors and Policy



Our commitment

We believe we can positively reinforce our DEI efforts internally through our policies, processes and philosophies. Externally, we can extend our impact by partnering with vendors who share our commitment to advancing DEI. Because DEI progress is a journey for us as well as our vendors, we want to evaluate our partners based on where they are trying to go. Our current stated commitments are to:

- Conduct a review of existing vendor relationships to ensure we are doing business with partners who are committed to and hold themselves accountable for DEI progress.
- Ensure at least one minority-, LGBTQ+- or female-owned or -led firm are included in new vendor searches whenever possible.
- Continually evaluate our internal policies, processes and philosophies to ensure they combat systemic biases and create an environment of equity and inclusivity.

Progress since July 2022

Continuing to partner with vendors who are committed to DEI progress

- We continue to distribute our DEI vendor questionnaire to potential vendors as part of our vendor selection process.
- We continue to partner with minority-, LGBTQ+-, and female-owned food, entertainment and other local recreation vendors.

Evaluating our internal policies to create an environment of equity and inclusivity

- We established a new partnership with a digital health platform vendor to provide a meaningful range of family-focused services to our associates. This offering ensures our associates and their families in all locations have safe access to health-care travel assistance and treatment for certain services that are not locally available.
- We formalized a parent transition month in addition to our paid parental leave to support new parents returning to work with additional flexibility in adjusting to new routines.
- We standardized our paid parental leave benefits for birth parents to 12 weeks, irrespective of birth type, consistent with the Family and Medical Leave Act.

Idea Sharing

We believe it takes the sustained efforts of us all to keep DEI progress going, and that knowledge-sharing plays a key role in fostering DEI throughout our industry and community. As a result, in 2022, we committed to share our ideas, practices and lessons learned from our DEI journey with partners and clients. This commitment is the responsibility of all our pillars and all members of our DEI Action Team. Over the past year, to progress this commitment:

- We shared and discussed our 2022 annual progress report with our partners and clients.
- Our CEO authored an article in [Pensions & Investments](#) in support of having a long-term, comprehensive approach to DEI and its importance to the investment management industry.
- Our CEO and associates have spoken and participated on panels at industry conferences discussing our DEI initiatives and journey.
- We shared our DEI vendor questionnaire with partners and clients that desired to implement a similar survey at their organizations.

Partner Spotlight

Our DEI work is made possible by a number of organizations we partner with. We are grateful to these partners, the excellent work they are doing, and the role they are playing in advancing DEI at our firm, in our industry and in our community.

I Know I Can (IKIC)

IKIC's mission is to inspire, enable and support Columbus City School students in pursuing and completing a college education.

Jopwell

Jopwell represents and advances careers for historically underrepresented groups at the intern and professional level, and empowers employers to build more diverse, equitable and inclusive workplaces.

Kaleidoscope Youth Center

KYC has been supporting LGBTQ+ youth since 1994, offering community education, advocacy and civic engagement, health and wellness services and housing opportunities.

National Association of Securities Professionals (NASP)

NASP is the premier organization that helps Blacks, ethnic minorities and women achieve inclusion in the financial services industry.

Rock the Street, Wall Street (RTSWS)

RTSWS is a financial and investment literacy program designed to spark the interest of a diverse population of high school girls in finance careers.

Sponsors for Educational Opportunity (SEO)

SEO provides college and intern preparation, professional training, education and mentorship across all career stages – all intended to develop and advance careers for historically underrepresented groups.

Stonewall Columbus

Stonewall's mission is to increase visibility, inclusion, and connection for the LGBTQ+ community. One of their many programs is Lavender Listings, a platform to reach central Ohio's LGBTQ+ community by listing local products, services and job openings from LGBTQ+ friendly businesses and organizations.

The WELD/African American Directors' Forum (AADF)

The WELD/African American Directors' Forum seeks to increase the representation of African Americans in the boardrooms of Ohio's publicly traded companies through a forum that brings together highly qualified African American executives with the CEOs, board chairs and nominating/governance chairs of Ohio-based companies.

Our Pledge

June 2020

To our Associates, Clients and the Community:

We recognize the roots of racism run deep through America's history. We are outraged that systemic biases remain entrenched, continuing a cycle of inequity and violence while sapping opportunity from people based purely on skin color. We recognize that Black people continue to be deprived of due process under the law. We resolve to do our part to foster diversity and inclusion at Diamond Hill, in our industry and within our community.

In June, along with 750 other Columbus, Ohio-based business leaders, we signed a letter supporting a Columbus City Council resolution declaring racism a public health issue. This was an important first step, but it's just a start. We are taking a hard look internally at what we must do to combat unconscious bias and create more opportunities for diversity. We are committed to a future where our company is reflective of the communities we serve.

As a next step, Diamond Hill is implementing the following tangible measures:

- We are establishing a program aimed at providing internship and permanent employment opportunities to historically underrepresented groups. It will include a student loan forgiveness program. This intends to address the inequalities of the student loan debt gap.
- We will refocus our recruitment practices to ensure we proactively seek diverse candidates for all roles. If we are unable to source diverse talent for consideration for new roles, we will engage third-party resources to increase our pool of qualified diverse candidates.
- We are conducting a broad review of our existing vendor relationships to ensure we are doing business with partners who embrace our commitment to diversity and inclusion. For example, we will seek to ensure that at least one minority or female-owned firm is included in new vendor searches.

At the community level, we are pledging \$1 million over the next five years to organizations that support anti-racism efforts, diversity and inclusion, starting with a \$50,000 donation made to the Columbus Urban League.

Our vision – to be an exceptional active investment boutique that our clients trust to deliver excellent long-term investment outcomes – is better served by the differentiated thinking inherent in a diverse team. It is important that our actions are sustained, and we commit to continue to improve. We should all be held to a higher standard and pledge our commitment to do so.

Signed 18 June 2020:

Diamond Hill Management Team