

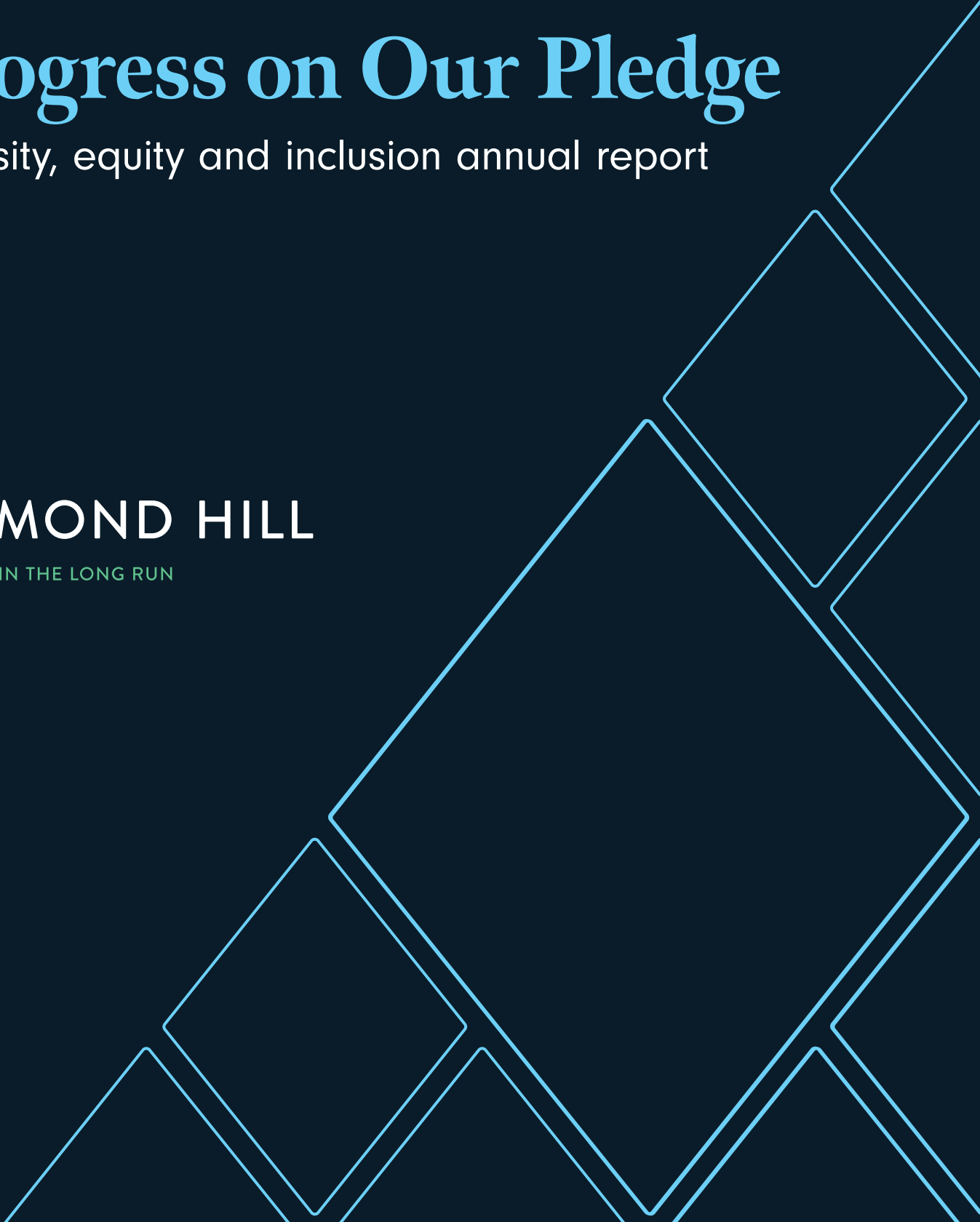
July 2022

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, this is our inaugural annual report on progress made on our pledge and any future commitments we make.

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 an organization. Under this pillar, we aim to foster inclusion at Diamond Hill and communicate openly with associates on our DEI progress and efforts. Three areas of focus in our inclusive culture work include:

- Building awareness around DEI issues in the workplace.
- Fostering conversation and employee engagement.
- Increasing communications and transparency both internally and externally.

Progress to date

Building awareness

- We engaged a DEI consultant in 2021 to share best practices and identify opportunities to improve our processes, including promotion of inclusion in our policies and handbook, and offering firmwide DEI-focused educational training.

Fostering conversation and employee engagement

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

- Monthly education sessions (including discussions on books, podcasts, TED talks, etc.).
- Hosting outside speakers for events.
- Our “Did You Know” series, sent to all associates bi-monthly, which helps increase awareness of important events, topics and celebrations that may have historically been overlooked.

DEI Resource Group

An associate-led group that creates opportunities for associates to come together in an informal and supportive environment for conversation, education, personal growth and idea sharing around topics of DEI. In addition, this group seeks to advocate for and help build general awareness around DEI issues in the workplace.

Increasing communication and transparency

- We developed and launched a DEI section on our internal website, and all associates now receive a quarterly newsletter detailing our DEI activities and planned initiatives.
- We committed to producing this annual report, where we reflect on our commitments and progress to date.
- Our company website now features a dedicated DEI section, including our DEI philosophy and access to our annual progress report.

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.

We were pleased to see that, on average, 90% of survey respondents expressed positive sentiments around inclusion, belonging and fairness in 2021. The survey also helps us identify areas for improvement. For example, an area of focus for 2022 will include celebrating people who try new and different ways of doing things – only 77% of respondents agreed the company was currently doing so.

Inclusion survey questions and the percentage of associates responding positively in 2021 included:

- I feel welcome and part of the Diamond Hill community – 95%
- People are treated fairly here, regardless of their differences – 87%
- My team sees the “real me” at work – 88%
- I’m comfortable sharing my perspective with my team – 96%

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. With that goal in mind, in our 2020 pledge we committed to:

- Establish 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.
- Refocus our recruitment practices to ensure we proactively seek a diverse slate of candidates for all 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.

Progress to date

Internship and employment opportunities and loan forgiveness

- We partnered with several local Ohio colleges and universities for recruitment, mentorship and education. Schools were chosen based on a number of factors, including enrollment levels, diverse demographic makeup and number of business/student clubs. We also participated in a number of virtual and in-person events at these schools, and our goal is to be on each campus at least twice a year.
- Through more intentional and proactive hiring practices in our two most recent internship classes, we increased the number of students from historically underrepresented groups. Our internships now also include a robust education component with multiple sessions open to our partner colleges and other diversity programs.
- We implemented 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.

Refocused recruitment practices

- In conjunction with our philanthropy efforts, we established and/or expanded partnerships with several organizations to help build a more diverse financial services industry talent pipeline and broaden our own recruitment efforts. In 2020 and 2021, these partners included the National Association of Securities Professionals (NASP), Jopwell, Sponsors for Educational Opportunity (SEO) and Rock the Street, Wall Street.
- We now advertise many open roles with the aforementioned partners, as well as with Women for Economic and Leadership Development (WELD), Lavender Listings and Hire Our Heroes.
- We have begun sponsoring events with these partners, including the Fall 2021 NASP Mentor's Luncheon in Columbus in conjunction with one of our partner colleges.
- Our five-year average employee turnover rate is less than 9%. Therefore, to improve the diversity of our associate population, we broadened our recruiting partnership and implemented various internal hiring practices. We recognize the importance of considering a sufficiently diverse slate of candidates in our hiring process. We have also begun collecting demographic data from applicants to ensure we meet this commitment.
- Though not explicitly related to one of our commitments, we now publicly disclose demographic data for our corporate board, mutual fund board, management team and associate populations on our website – a change we believe 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 \$1 million over five years to organizations that support anti-racism and DEI efforts.

Progress to date

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

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

- We have launched and expanded partnerships with organizations that share our belief that investors are better served by the unique insights inherent in diverse teams. These organizations are committed to providing education and mentorship, identifying and fostering talent, and/or providing opportunities in financial services for diverse and/or historically underrepresented groups, including NASP, Rock the Street, Wall Street, WELD, the WELD/African American Directors' Forum (AADF) and others.

Supporting organizations that contribute to a vibrant minority business community

- Our associates continue to be active volunteers, helping us build stronger relationships with each other and our community. We actively support and facilitate our associates' donation of time and money to philanthropic causes.
- We expanded the Diamond Hill Foundation's matching gift program to offer an additional \$1,000 in matching funds for DEI-related donations – this is in addition to our \$2,000 match per employee per calendar year for any registered 501(c)(3) public non-profit.

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. In our 2020 pledge we committed to:

- Conducting 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.
- Ensuring at least one minority or female-owned firm is in new vendor searches.

Progress to date

Vendor evaluation

To make progress here, we recognized the need for data on our vendors, including diversity statistics and their DEI goals, to establish a baseline for current and prospective vendors.

- We drafted and began distributing a survey to vendors to gather data on diversity statistics, allowing vendors to tell their story about where they are in their DEI journey.
- Over the past two years, we sent the survey to over 100 vendors, spanning most areas of the firm. We aim to improve our 44% response rate by refining the questionnaire process and emphasizing to our vendors and partners the importance of this data. Already in several cases, the survey has aided in decision-making between competing vendors.
- We created an internal scorecard to help us evaluate survey responses, compare vendors and inform selection of new vendors. We hope to begin using this scorecard more widely starting in 2023.
- In new vendor searches, we often found it difficult to identify at least one minority- or female-owned firm that also met our business needs. As a result, we have adjusted our goal to include such firms in our searches whenever possible. We are continuing to partner with minority-owned broker-dealers as well as minority- and female-owned food, entertainment and other local recreation vendors. These are areas where we find the largest number of potential vendors, giving us the most opportunity to develop partnerships with vendors who represent the diverse community we want to help cultivate.
- While not highlighted as a specific area of focus in our 2020 pledge, supporting the rights and businesses of LGBTQ+ people is important to us and part of our DEI mission. As a result, we have broadened our new vendor search commitment to include LGBTQ+-owned firms and we have prioritized engaging LGBTQ+-owned food, entertainment and other local recreation vendors.

Policy, process and philosophy

- We changed our short-term disability policy to provide the company's full 401(k) match to associates taking short-term disability leave, including parental leave.
- Revised language in our employee handbook to promote inclusion of all genders.
- Changed our policy to allow associates flexibility on time-off, so associates may celebrate holidays in line with their beliefs and preferences.
- Engaged a new employee assistance program to strengthen mental health support for associates.
- Explicitly added pregnancy loss as bereavement leave for any parent.

Future commitments — 2023 and beyond

Our support of DEI initiatives and efforts to promote DEI at Diamond Hill, in our industry and community are part of our long-term goals. As a result, the commitments we made in the pledge were just a first step in our continuous journey. We plan to review our commitments on an annual basis and make new commitments as needed to ensure that we remain focused on our goals and build on the progress we have made so far.

New DEI long-term commitments

- We aim to further imbed DEI into our culture. For example, we will continue encouraging associates to devote their time and resources to DEI initiatives at Diamond Hill and in our community.
- We will foster and support diversity among our own associates. This will include expanding our inclusive hiring practices and broadening the diversity of candidates we reach in our recruiting efforts.
- We will work to further contribute to the representation of historically underrepresented groups in our industry's talent pipeline. This will include sponsoring educational initiatives for students from historically underrepresented groups including scholarship opportunities.
- We will share our ideas, practices and lessons learned from our DEI journey with partners and clients.

Update to our original pledge commitments

In our [2020 pledge](#), we committed to ensure at least one minority or female-owned firm is included in new vendor searches.

We are expanding that to include minority- or women-led firms, such that we will now endeavor to include at least one minority-, LGBTQ+- or female-owned or led firm in new vendor searches whenever possible.

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.

Women for Economic Leadership Development (WELD)

WELD provides women with specific tools to enhance their individual economic status and builds programs and a community to support female leadership, development and business growth.

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