

An aerial photograph of a sailboat with a wooden hull and white sails, sailing on a deep blue ocean. The boat is moving from the bottom left towards the center, leaving a white wake. The sky is not visible, as the image is a full-page background.

2023

---

Responsible Business Report

---

The logo for Victory Capital, featuring a stylized sailboat icon above the company name.

**Victory**Capital®



# Core Values



## **BUILD TRUST**

We go to great lengths to fulfill our commitments, and we work hard to do the right thing for our clients.



## **RESPECT AUTONOMY**

We value independent decision-making and respect the autonomy of each of our Investment Franchises and Solutions Platform.



## **INVEST PERSONALLY**

We are invested in our clients' success. We demonstrate that commitment by investing our time, energy, and our own assets in our strategies and our Company (VCTR).



## **CREATE ALIGNMENT**

We work together toward a common objective—helping our clients to achieve their goals. Our employees had more than \$200 million invested in our own products by choice as of December 31, 2023.





# Contents

> People and Culture .....	05
> Community Engagement.....	16
> Responsible Investment.....	19
> Business Resilience.....	24
> Appendix .....	33



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix

## FROM THE DIRECTOR

# To our many stakeholders

I am pleased to present Victory Capital's inaugural Responsible Business Report. You will notice that we have transitioned from a traditional Corporate Social Responsibility (CSR) report with this new format, which marks a significant milestone in our commitment to transparency and accountability.

While our approach is not new, this report aims to highlight how our core values play a key role in influencing and supporting our business practices.

Since joining Victory Capital, I have been encouraged by the team's willingness to learn, develop, and improve, and I look forward to sharing more of our progress with you as we continue to advance our approach to being a more responsible business.

Warm regards,



**Carly Thomas**  
Director of  
Responsible Business



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix





## SECTION 1

# People and Culture

We believe that our people are our greatest asset. We aspire to be the firm of choice for talented professionals and aim to provide an environment where employees can prosper. Our workplace is focused on creating opportunity and is built upon a foundation of trust, respect, and honesty.



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

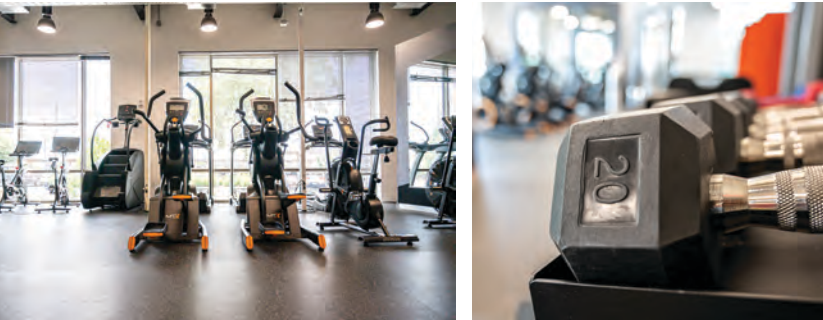
Appendix

Culture of Ownership

We are proud of our culture of ownership. At the end of 2023, 86% of our employees collectively held 15% of the total equity interest in our Company and had investments in our products totaling over \$200 million. This aligns the interests of our employees with those of our clients and shareholders.

Our Employee Stock Purchase Plan provides all full-time U.S.-based employees the opportunity to invest up to 5% of their base salary in Victory Capital stock at a 5% discount. We also offer Restricted Stock Awards to certain employees, which serve as a form of long-term incentive compensation.

86% of our employees are owners of VCTR stock.



Employee Well-Being

We believe that doing our part to maintain the health and welfare of our employees is a critical element for achieving commercial success. We offer comprehensive health benefits and a wellness program designed to promote healthy lifestyles. In addition to providing valuable health resources, we incentivize participation in wellness initiatives by offering discounts on medical premiums upon completion for employees and their spouses.

Employees and eligible spouses can receive up to \$500 annually in wellness reimbursements. In 2023, 50% of our employees received reimbursements, with 19% of employees claiming the maximum \$500.

2023

\$85,000

in wellness reimbursements



We also offer Employee Assistance Programs, including confidential assistance for financial, mental, and physical well-being. Our free, comprehensive counseling service offers unlimited 24-hour telephone support and up to three face-to-face sessions with professional counselors each year.

Specialists are available to help all Victory Capital employees, their spouses, dependent children, parents, and parents-in-law in the following areas:

A LICENSED PROFESSIONAL COUNSELOR CAN HELP WITH:

- > Stress, depression, anxiety
- > Relationship issues, divorce
- > Job stress, work conflicts
- > Family and parenting problems
- > Anger, grief and loss

WORK/LIFE SPECIALISTS CAN HELP WITH:

- > Child care services
- > Elder care services
- > Legal questions
- > Financial services
- > Medical bill saver service
- > Concierge services

Further details on the benefits we provide our employees are available on our benefits platform at [vcmbenefits.com](https://vcmbenefits.com).



## Professional Development

We provide role-specific in-house training, and all employees are expected to complete annual mandatory training on a range of topics that are covered in more detail in the Business Resilience section of this report.

We encourage employees to enhance their skills and expertise through continuing education by enrolling in courses and degree programs that are mutually beneficial to the business and their career. We recognize that developing these skills and competencies through business-related courses, degrees, or professional designations may enhance opportunities for career growth and mobility. To assist with this, our Education Tuition Reimbursement Program is designed to financially support employees when they pursue education opportunities approved by Human Resources. Ten employees took advantage of this program in 2023, representing over \$37,000 in educational reimbursements.

Our registered representative program supports our employees in gaining their FINRA licenses/designations. We pay for all study materials and exams, and our employees receive a bonus once licensed. Eight employees completed this program in 2023.

## Employee Time Off

Victory Capital recognizes the need to provide employees the ability to balance their personal lives and professional obligations.

Flex Time Employees are eligible for Flex Paid Time Off (FPTO), subject to manager approval, which applies to all routine time off for purposes such as vacation, relaxation, religious observance, personal or family needs, and non-extended illness or injury.

Employees who are not Flex Time Employees are granted Standard Paid Time Off (SPTO). Employees are rewarded for their loyalty to the firm with additional SPTO days being awarded every five years up to a maximum of 30 days after 10 years of continuous service.

In addition, all employees receive 10 days of paid holidays, in line with stock market holidays.



## Supporting the Military

Victory Capital is committed to supporting our employed military service members with paid time off for active or temporary military duty in the National Guard or as a Reserve of the Armed Forces.

All full-time and part-time employees are eligible for Paid Military Leave. Full-time employees are eligible for up to 480 hours; part-time Paid Military Leave benefits are prorated based on the average number of hours worked annually. This includes employees who, whether voluntarily or involuntarily, are called or activated to service or called to participate in annual training.

Employees returning from Paid Military Leave will be reinstated at the same level of seniority they would have attained if their employment had not been interrupted.

## Being a Family-Friendly Employer

We understand the importance of giving our staff time to bond with family when a new child is welcomed home. We believe that taking some time off is essential for the health and happiness of both the parents and the child.

The Paid Parental Leave program provides birth mothers with up to 12 weeks of paid time off (which includes disability leave and parental leave) to bond with their new child. In the event of birth, surrogacy, adoption, and foster care, non-birth parents are also eligible for up to four weeks of paid parental leave at full pay.

## Financial Support

We place a strong emphasis on supporting our employees financially. In addition to competitive pay, we provide a 401(k) plan with generous matching, vesting, and loan provisions. Moreover, we have partnered with an administrator that offers financial wellness education and planning tools to help our employees better prepare for retirement.



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix

## Diversity, Equity, Inclusion, and Belonging

Victory Capital is committed to advancing diversity and inclusion in our workplace. Our goal is to cultivate environments in which diverse perspectives and experiences are welcomed. We recognize that employees do their best work when they feel that they are valued and that they belong.

In November 2023 we welcomed a new Director of Responsible Business to our team, and with that we have developed an enhanced approach for Diversity, Equity, Inclusion, and Belonging. This section outlines our progress throughout most of 2023 and the details of our newly launched strategy for 2024 and beyond.

Our commitment to Diversity and Inclusion is not new. Our Chairman and CEO, David Brown, signed the CEO Action for Diversity and Inclusion Pledge in 2020 and committed to fostering a workplace that values and embraces diverse perspectives and experiences.

“Diversity is being invited to the party. Inclusion is being asked to dance. Belonging is dancing like no one’s watching.”

Anonymous



## Diversity, Equity and Inclusion (DEI) Commitment Policy

Our diversity initiatives and strategies are designed to attract, develop, retain, and advance the most talented individuals regardless of their race, sexual orientation, religion, age, gender, disability status, or other dimension of diversity. We are committed to creating and maintaining a workplace in which all employees have an opportunity to participate and contribute to the success of the business and are valued for their skills, experience, and unique perspectives. This commitment is embodied in the way we do business and is an important principle of sound business management.

We are committed to equal employment opportunity without regard to actual or perceived race, color, creed, religion, national origin, ancestry, citizenship status, age, sex, or gender (including pregnancy, childbirth, pregnancy-related conditions,

and lactation), gender identity or expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, genetic information, height, weight, hair texture, or a hairstyle historically associated with race to include braids, locks, or twists; or any other characteristic protected by applicable federal, state, or local laws and ordinances.

Our commitment relates to all phases of employment, including, but not limited to, recruiting, employment, placement, promotion, transfer, demotion, reduction of workforce, and terminations, rates of pay or other forms of compensation, selection for training, the use of all facilities, and participation in all company-sponsored employee activities.



## Governance and Strategy

During 2023, Victory Capital's Diversity, Inclusion, Cohesion, and Engagement (DICE) Committee coordinated diversity and inclusion initiatives across the firm. The DICE Committee was chaired by our Director of Responsible Business and included representatives from various business functions and the chairs of our Employee Resource Groups (ERGs) discussed below.

In February 2024, a refreshed strategy and approach was approved, which incorporates the following enhancements:

### Better understanding of where we are today

To gain a more comprehensive understanding of our current position, we are developing a process to delve deeper into our employee demographics. This initiative will encompass a broader range of diversity elements, such as socioeconomic backgrounds. This will enable us to pinpoint areas that require further attention, both internally and externally, as we continue to progress and evolve.

### Introducing Belonging—a concept everyone can be responsible for

We continue to drive our efforts in promoting and working toward a Diverse, Equitable, and Inclusive workplace, and one where everybody can play a part in fostering a sense of belonging for all employees.

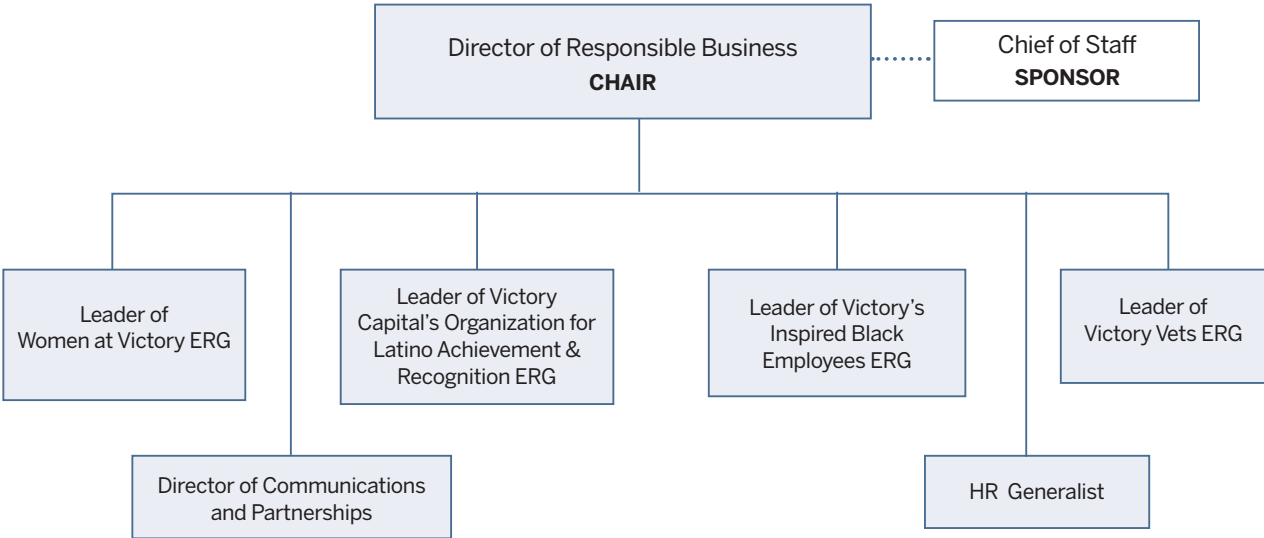
Moving forward, our approach for Diversity and Inclusion will now encompass Diversity, Equity, Inclusion, and Belonging (DEIB). The addition of the word "Belonging" is crucial in our mission.

As such, the DICE Committee has been repurposed into two separate forums, the DEIB Committee and the DEIB Forum.

### DEIB Committee

Quarterly committee meeting with ERG leadership, Director of Responsible Business, HR, and Community Partnership team.

**Purpose:** Coordinate diversity and inclusion initiatives across the firm in line with our Corporate Values and our CSR and DEIB strategic pillars, with a particular focus on ERG engagement and cultivating a culture of belonging within the firm.

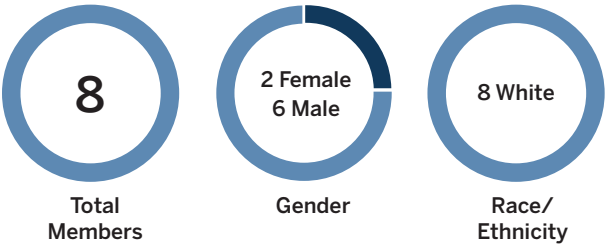


### DEIB Forum

Biannual meeting for any employee to join a wider discussion on our DEIB strategy, thematic trends, and initiatives.

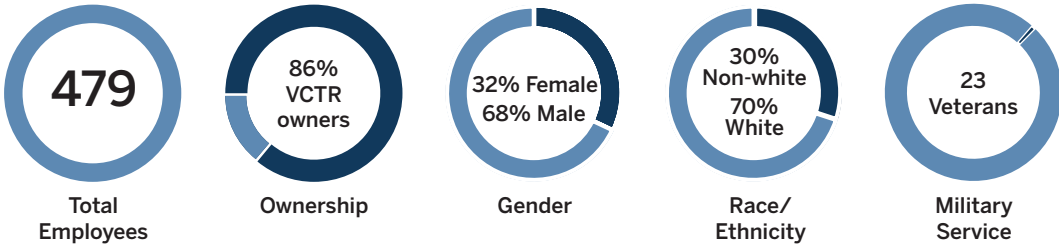


Board of Directors



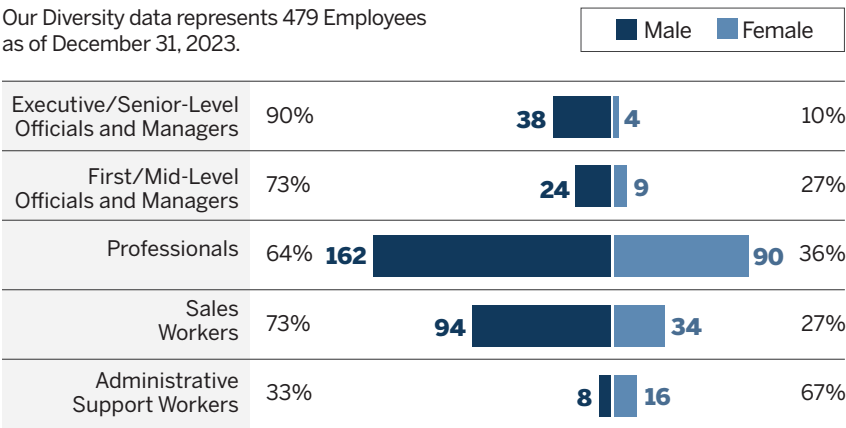
Our Employees

as of December 31, 2023



Gender by Equal Employment Opportunity (EEO) Category

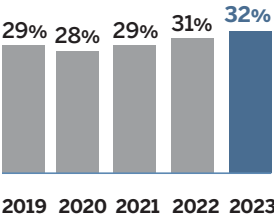
Our Diversity data represents 479 Employees  
as of December 31, 2023.



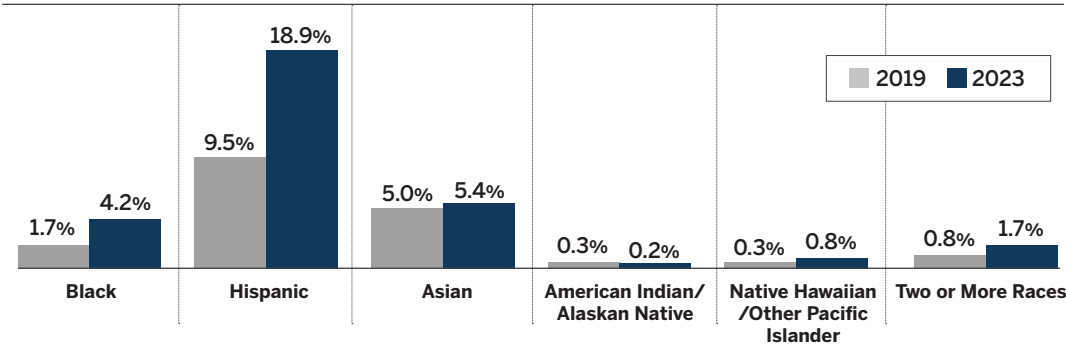
Ethnic Diversity by EEO Category

	70% White	4% Black or African American	19% Hispanic or Latino	0.2% American Indian/ Alaskan Native	5% Asian	0.4% Native Hawaiian /Other Pacific Islander	1.7% Two or More Races
Grand Total	333	20	91	1	24	2	8
Executive/Senior-Level Officials and Managers	35	1	2		4		
First/Mid-Level Officials and Managers	25	1	3		3	1	
Professionals	183	9	40		15		5
Sales Workers	82	8	36	1		1	
Administrative Support Workers	8	1	10		2		3

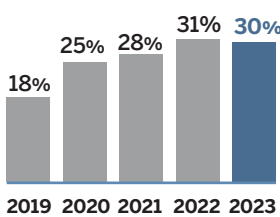
How has our female employee population evolved since 2019?



Ethnic Diversity from 2019 to 2023



What percentage of our employees identify as non-white?



All data as of December 31 of respective year.





# Employee Resource Groups

Our ERGs, which are initiated and led by employees, provide a platform for individuals with similar backgrounds to come together, celebrate their heritage, share their perspectives, advocate for their interests and needs, and engage with our communities to have an impact. In addition, they aim to give employees the platform to professionally develop and build their internal network, which provides them with a strong platform for future career opportunities. As of April 1, 2024, we had 137 employees engaged in our ERGs, representing 28% of our direct workforce. We have four active ERGs which represent Black, Hispanic, Women, and Military-affiliated employees. Women at Victory (W@V) is our longest standing group and has served as a great model for our other ERGs, which are continuing to grow and develop.



137 employees  
participate in a  
Victory Capital ERG

TOTAL  
MEMBERS

81	Women at Victory (W@V)
39	Victory Capital's Organization for Latino Achievement & Recognition (VOLAR)
19	Victory's Inspired Black Employees (VIBE)
15	Victory Vets
20	Two or more ERGs



## Women at Victory

W@V is a community to support and empower women, championing women's voices within Victory Capital and beyond. W@V, established in July 2021, has 81 members and continues to flourish. The group aims to bring value to Victory Capital, W@V members, and the community, all while ensuring that everything they do is enjoyable and fun. Over the course of the last few years, the group has brought together women from across the business, sparking new friendships, informal mentorship opportunities, and an increase in confidence among its members.

### Coffee Conversations

Our Coffee Conversations provide a casual and relaxed environment where a speaker is invited to participate in a Q&A session with one of our W@V hosts. These sessions allow our members to learn from each other, build new connections, and celebrate achievements. We have seen our speakers develop from these sessions as well as those listening. Speakers often leave our Coffee Conversations with a sense of value and a newfound confidence. During 2023, we hosted 10 Coffee Conversations with women across our business.



**TILETHA  
CANNON**

Senior Scrum Master

San Antonio, TX



**JESSICA  
DAVILA**

Director, Global  
Communications

San Antonio, TX



**LELA  
DUNLAP**

Portfolio Manager  
and Leader of W@V

San Antonio, TX



**MARY  
GAERTNER**

Sycamore Capital  
Director of Community  
Engagement and  
Inclusion Excellence

Cincinnati, OH



**SHARRI  
HALL-CARGER**

Human Resources  
Generalist

San Antonio, TX



**TAYLOR  
LYONS**

Business Intelligence  
Developer

San Antonio, TX



**MOLLY  
MARCUM**

Sophus Capital  
Product Specialist

Chicago, IL



**CATHY  
SAVVAS**

Chief Accounting  
Officer

Cleveland, OH



**LISA M.  
SEBALLOS**

Director  
of Finance

Cleveland, OH

### Book Club

The W@V Book Club is a space where members come together to enjoy each other's company and unwind. The book club has 28 members, and they typically pick books with inspiring female characters. During 2023, the group read *The Hotel Nantucket*, *The People We Keep*, *Lessons in Chemistry*, and *The Other Einstein*.

### Awesome Ladies of Tech (ALOT)

The ALOT Group is a focus group within the W@V ERG for women to share learnings, experiences, and insights in the world of technology. The group is very informal and relaxed, making it a safe space for everyone to discuss and ask questions without any pressure. ALOT has nine members and was formed in Q4 2023.

### Philanthropy

W@V frequently leads charitable activities on behalf of the business, delivering impact within the communities where we live and work. Further details on their initiatives can be found in the Community Engagement section of this report.





# Vice Admiral Mary Jackson

Victory Capital Holdings, Inc.  
Board Member



## SPOTLIGHT ON



### Career Conversations

We hosted a special Career Conversation in 2023 with our Board Member Vice Admiral Mary Jackson, U.S. Navy (Retired).

Jackson is an incredibly successful woman who is a force to be reckoned with. She is truly inspirational with her achievements and remains down-to-earth and approachable. We hosted Vice Admiral Jackson in our San Antonio headquarters, where she covered a range of topics including navigating your career, mentorship, and self-care. The session was a thought-provoking, engaging experience that left attendees feeling inspired by the discussion.

#### Vice Admiral Mary Jackson, U.S. Navy (Retired)

Retired in July 2020, Vice Admiral Jackson began her career as a Surface Warfare Officer serving on and off Navy warships. During her more than three decades in the United States Navy, Vice Admiral Jackson achieved command of the USS McFAUL (DDG 74), an Arleigh Burke class destroyer. She subsequently commanded the Navy's largest Navy base, Naval Station Norfolk, where she oversaw operational and service industries and managed the Navy's relationship with local agencies, surrounding communities, and national media. Upon selection as a Flag Officer, Vice Admiral Jackson served as Commander, Navy Region Southeast and as Commander, Navy Installations Command, where she was accountable for all Navy installations worldwide.



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix



VICTORY'S INSPIRED  
BLACK EMPLOYEES

VIBE commits to investing in Black talent, fostering diversity, and developing authentic allyship. Through equitable opportunities, support, and active engagement, it aims to cultivate a workforce and community where every individual thrives.

VIBE underwent a significant rebranding and leadership change at the end of 2023 and has now adopted a refreshed and revitalized approach for 2024.



**VOLAR**  
Victory Capital's Organization for  
Latino Achievement & Recognition

Victory Capital's Hispanic employee resource group promotes the achievement of colleagues and Hispanic communities.

VOLAR, our newest ERG, launched in November 2023 with an impactful Día de los Muertos ofrenda (Day of the Dead altar) at our headquarters in San Antonio.



Victory Vets is a community of Veterans and currently serving Military personnel along with family and friends employed by Victory Capital.

Victory Vets fosters a Veteran/Military-friendly environment at work and celebrates Victory Capital's connection to the Military community.

*Going into 2024, our ERGs have been reenergized by our new DEIB strategy and approach. We are excited to see what they achieve in 2024.*





## Employee Networks

In addition to our ERGs, which specifically focus on Diversity and Inclusion themes, in 2024 we have begun launching Employee Networks (ENs).

ENs are very similar to ERGs but focus on a shared affiliation or interest, such as education or hobbies. Having both ERGs and ENs will enable us to both celebrate and educate on diversity themes and cultural differences while creating an environment that fosters a sense of community and belonging among employees with shared interests.

Our refreshed strategy aims to support our ERGs and ENs in developing external relations with community groups that are aligned with their missions.

## Partnerships

### Xavier University of Louisiana

Victory Capital is proud to have had a strategic alliance with Xavier University of Louisiana (XULA), a historically Black university, between 2020 and 2024. This relationship was designed to promote diversity in the asset management industry and prepare XULA students for careers in business.

Since 2020, we have funded \$150,000 in gap scholarships to dozens of students to help pay expenses not covered by existing grants or awards. We continued to support in 2023 by providing gap scholarships to 10 students through the Victory Capital Scholars Program.

Along with the scholarships, in 2021, we provided \$50,000 in initial seed capital to fund the school's first student-managed investment club. During our partnership, members of our team have provided guidance and mentorship to students in XULA's investment club.

## Our Suppliers

Where appropriate and beneficial to our clients, we strive to engage business partners and vendors owned by historically marginalized groups. For example, we work with five Minority-, Woman-, and Service-Disabled Veteran-Owned businesses as trading counterparties to execute client transactions. Each of these firms is allocated trades for execution, subject to our fiduciary obligation to obtain best execution.



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix





## SECTION 2

# Community Engagement



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix





Victory Capital employees participated in back-to-school drives across the country in 2023. The effort was led by the W@V ERG, collecting reusable water bottles, backpacks, and school supplies.

## Our Communities

Giving back to the communities in which we live and work is core to our culture. We encourage employee involvement through our corporate initiatives, such as our annual matching gift program and paid time off for qualifying volunteer work.

We are incredibly proud of our employees and the meaningful work they do to support nonprofit and charitable organizations. Our team members go above and beyond to contribute their time, skills, and resources to help make a positive impact in our communities. Many of our employees serve on various nonprofit boards, where they dedicate their time, expertise, and passion to furthering the mission and goals of these important organizations.



The Victory Matching Gifts Program encourages employees to contribute to qualifying charitable organizations. This program supports employee giving by offering a way to match up to \$300 per person each calendar year.

Over the course of the year, our ERGs ran a number of successful drives for our communities, including Food Bank, Back to School and Toys for Tots drives. We are always amazed at the generosity of our employees, and each drive has been a huge success.

We are looking to develop more partnerships with nonprofits in our local communities and identify ways we can create more impact with our employees.

51 employees  
received matching  
donations totaling  
\$12,800







## SECTION 3

# Responsible Investment



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix



## Responsible Investment

We are a fiduciary with respect to our investment advisory clients. The decisions we make on behalf of clients are made in their best interests, including any consideration of Environmental, Social, and Governance (ESG) factors in our investment processes.

We are committed to transparency and honesty in our positioning. We invest within client-led guidelines, where applicable, and each Investment Franchise is afforded the flexibility to meet each client's unique needs.

We do not impose our views of the world on our clients, and, as such, you will not see Victory Capital committing to every ESG initiative.

However, we are cognizant that some clients may want to invest their money with specific views and values considered, whether it be by excluding certain industries, gaining exposure to companies that create sustainable impact, or by targeting certain environmental goals within their portfolios. As a result, we aim to offer a diverse range of solutions with the intention of satisfying an array of investor objectives.

Some clients desire separately managed portfolios that seek to both deliver strong risk-adjusted returns and meet sustainability objectives. Victory Capital manages separate accounts with client-driven restrictions on investments in certain securities or types of securities, such as companies operating in particular countries or industries. Our shared service model and centralized operations allow us to easily integrate and accommodate client-driven ESG preferences.

## Responsible Investment (RI) Classifications

Victory Capital categorizes Responsible Investing intentions into three distinct classifications:

- > **ESG Integration:** The systematic and explicit inclusion of ESG factors as a supplement to the financial analysis traditionally performed by investment managers with the goal(s) of risk mitigation and/or alpha generation.
- > **Exclusions:** Avoiding companies, sectors, or countries in an exclusionary manner based on ESG controversies or certain standards, values, or norms (e.g., Norms-Based Screening, Faith-Based Investing, etc.).
- > **Sustainable and/or Impact:** Examples include positive screening (i.e., selecting companies in an inclusionary manner based upon certain ESG criteria); thematic (i.e., investing in companies whose activity is focused on some form of sustainable development, such as diversity and inclusion); and impact investing (i.e., investing with the disclosed intention to generate and measure social and/or environmental benefits alongside a financial return).

	Responsible Investment AUM							
	ESG Integration		Exclusions		Sustainable and/or Impact		Other AUM <i>(including other client assets)</i>	
	\$bn	%	\$bn	%	\$bn	%	\$bn	%
2023	\$50.2	30.1%	\$3.9	2.3%	\$0.8	0.5%	\$111.8	67.1%
2022	\$34.0	22.2%	\$1.6	1.0%	\$1.0	0.6%	\$116.4	76.1%
2021	\$22.6	12.3%	\$3.2	1.7%	\$1.1	0.6%	\$156.8	85.4%

Data as of December 31 of respective year. Prior years have been restated to align with the new methodologies and definitions above. Percentages may not total 100% due to rounding.

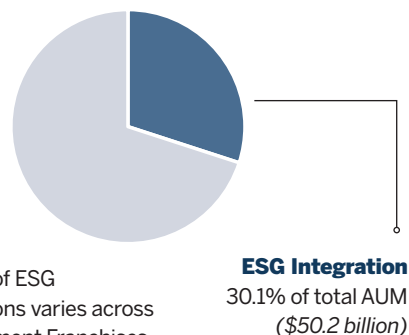
## ESG Integration

Each Investment Franchise owns its unique investment process, which involves extensive proprietary research. Through this research, each team looks at a wide range of factors, which may include ESG factors they determine to be material to the investment risks and opportunities.

Integrating ESG factors does not mean that ESG information is the sole or primary consideration for an investment decision. The relevance of ESG considerations to investment decisions varies across asset classes, strategies, and Investment Franchises.

For us, the consideration of material ESG factors is not political. Where applicable, the incorporation of these issues into decision-making processes represents good corporate governance, alpha generation, and prudent risk management consistent with our fiduciary duty.

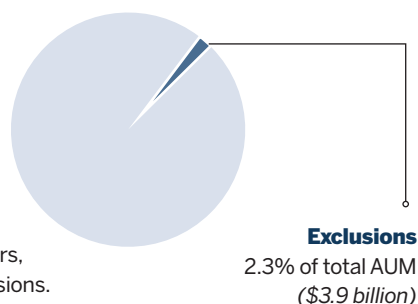
Victory Capital provides all Investment Franchises with access to multiple ESG data providers, tools, and training, which they utilize at their own discretion. Analysts often use this external data to complement internal research when developing an overall ESG assessment of a company.



## Exclusions

Victory Capital does not have any firm-wide exclusions in place concerning ESG criteria. We have the technology infrastructure to seamlessly implement client-led mandates upon request. Current client-led exclusions include alcohol, gambling, thermal coal, tobacco, and weapons, among others, including specific faith-based exclusions.

*AUM classed as Exclusionary may also undergo ESG integration but have not been included in the AUM calculation to avoid double counting.*



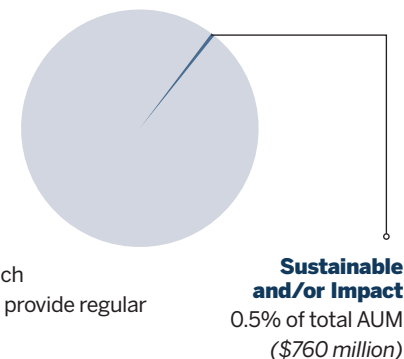
## Sustainable and/or Impact

Strategies that qualify as Sustainable and/or Impact are typically driven by client-specific guidelines or restrictions.

An exception is our Investment Franchise New Energy Capital, an alternative asset manager investing across the capital structures of clean energy infrastructure projects and companies.

Sustainable and/or Impact funds that reside within our Solutions Platform are typically driven by the unique ESG preferences and perspectives of our clients.

*AUM classed as Sustainable and/or Impact may also undergo ESG integration and/or have ESG Exclusions but have not been included in the AUM calculation to avoid double counting.*



## Reporting

With the exception of New Energy Capital, which publishes an annual Impact Report, we do not provide regular ESG reporting to clients.

However, some Investment Franchises within our organization are developing more detailed reporting that includes enhanced ESG disclosures as we seek to diversify our client base globally.

We have access to the necessary tools and data to provide ad hoc reports on ESG themes, including portfolio-level emissions data, upon request.

Currently, asset managers in the U.S. are not required to report financed emissions, and the majority of our clients do not request this information. As such, we do not currently report these metrics on a firm-wide basis.

## Engagement

As active investors, direct engagement with company management forms an important part of many of our Investment Franchises' analysis. Collectively, our investment teams have thousands of meetings with company management every year.

Discussions with company management allow each team to learn about a company's perspectives and approaches, provide feedback, and raise any concerns that have been identified during the team's investment research process.



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix



## Proxy Voting

Victory Capital actively exercises its proxy voting rights and responsibilities on behalf of clients and believes it is an essential part of maximizing shareholder value, ensuring good governance, and delivering investment performance aligned with our clients' long-term economic interests.

Victory Capital has a Proxy Voting Committee (PVC), which is responsible for creating guidelines that govern the voting process. The PVC is composed of Victory Capital employees who represent vital areas within the company and can provide a range of diverse knowledge that enhances the Committee's decision-making capabilities.

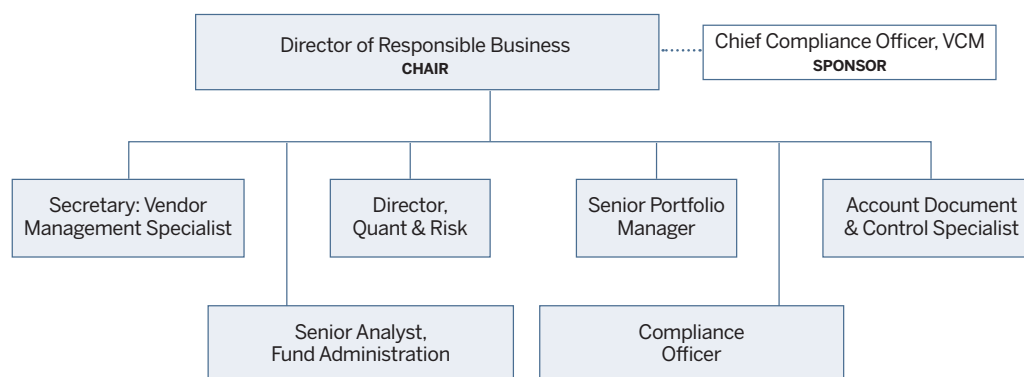
To assist the PVC with implementing its proxy voting strategy, Victory Capital retains the services of an independent proxy voting service, ISS. ISS's responsibilities include monitoring company meeting agendas and items to be voted on, evaluating each vote in line with Victory Capital's Proxy Voting Policy, and providing research and voting recommendations based on the Policy. It also identifies resolutions that require specific shareholder judgment, which enables Victory Capital to review situations where additional consideration may be needed to determine the proxy vote decision.

In line with our values and consistent with the investment autonomy afforded to our Investment Franchises, we continue to allow each to modify its voting instructions against those of the default policy on a case-by-case basis, provided sufficient justification is provided. As a result, Victory Capital may vote the same proxy differently for different clients and/or Investment Franchises.

## 2023 Proxy Voting Snapshot

<b>6,021</b>	Votable meetings; 99.3% meetings voted
<b>54.5%</b>	Meetings with at least 1 vote against, withhold, or abstain
<b>99.87%</b>	Voted in line with Victory Capital Policy

Our Proxy Voting dashboard, which is [available here](#), includes additional information.



MANAGEMENT PROPOSALS				SHAREHOLDER PROPOSALS		
Proposal categories	Total proposals	Ballots voted with management	Ballots voted in line with default policy	Total proposals	Ballots voted with management	Ballots voted in line with default policy
<b>Total</b>	<b>59,816</b>	<b>92.1%</b>	<b>99.1%</b>	<b>1,222</b>	<b>32.4%</b>	<b>98.1%</b>
<b>Audit related</b>	4,662	97.7%	99.0%	55	100.0%	100.0%
<b>Capitalization</b>	2,896	89.3%	98.2%	1	100.0%	100.0%
<b>Company articles</b>	1,009	92.3%	97.6%	32	93.5%	99.0%
<b>Compensation</b>	9,288	90.5%	99.1%	86	48.9%	100.0%
<b>Corporate governance</b>				65	21.9%	100.0%
<b>Director election</b>	32,276	92.0%	99.5%	231	72.2%	78.6%
<b>Director related</b>	3,541	89.8%	96.7%	137	15.6%	98.3%
<b>E&amp;S blended</b>	32	92.9%	100.0%	62	66.4%	99.9%
<b>Environmental</b>	26	72.8%	100.0%	181	18.8%	97.2%
<b>Miscellaneous</b>	175	82.9%	97.7%	80	83.2%	92.9%
<b>Mutual funds</b>	2	100.0%	100.0%			
<b>No research</b>	93	91.1%	100.0%			
<b>Non-routine business</b>	522	93.1%	100.0%	28	23.5%	95.6%
<b>Routine business</b>	4,125	93.6%	97.0%	23	90.0%	100.0%
<b>Social</b>	132	97.8%	99.9%	241	18.2%	99.7%
<b>Strategic transactions</b>	496	84.8%	99.0%			
<b>Takeover related</b>	541	94.2%	99.2%			

## UN Principles for Responsible Investment

The UN-supported Principles for Responsible Investment (UN PRI) is the world's leading initiative for responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

While we can trace Investment Franchise membership back to 2016, Victory Capital became an enterprise-wide signatory to the UN PRI in 2020. As a signatory, we commit to the following six Principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will report on our activities and progress towards implementing the Principles.

Victory Capital reported to the UN PRI for the first time in 2023. Victory Capital's public Transparency report is available on the UN PRI data portal.

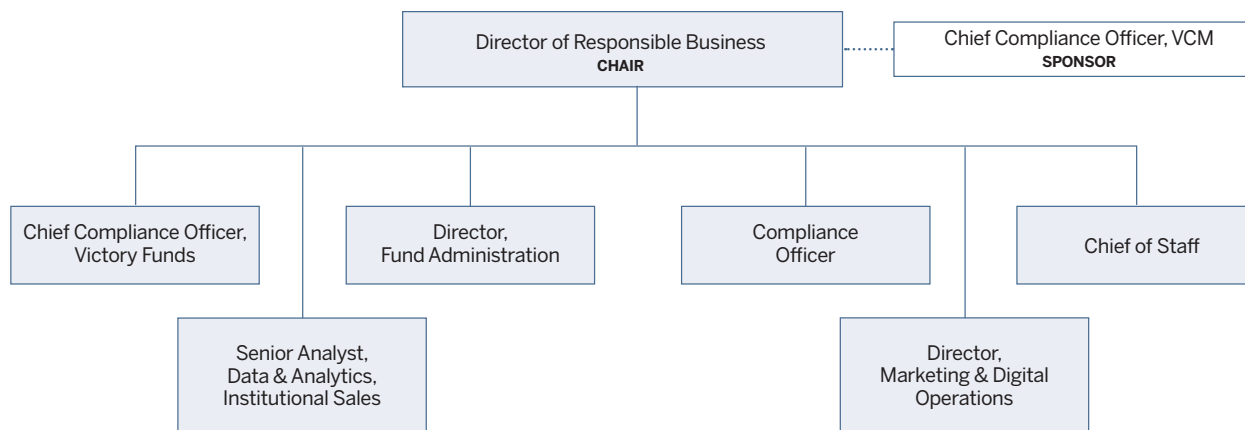
## Responsible Investment Governance

Our Responsible Investment Committee is charged with the oversight of governance, systems, and controls of each Investment Franchise's approach to ESG investing. It aims to support Victory Capital in robustly and transparently managing regulatory risks associated with Responsible Investment approaches.

The Director of Responsible Business chairs the Committee, which is made up of senior professionals from various departments involved in Responsible Investment oversight.

The Committee's responsibilities were reviewed and updated late in 2023. The updated mandate includes:

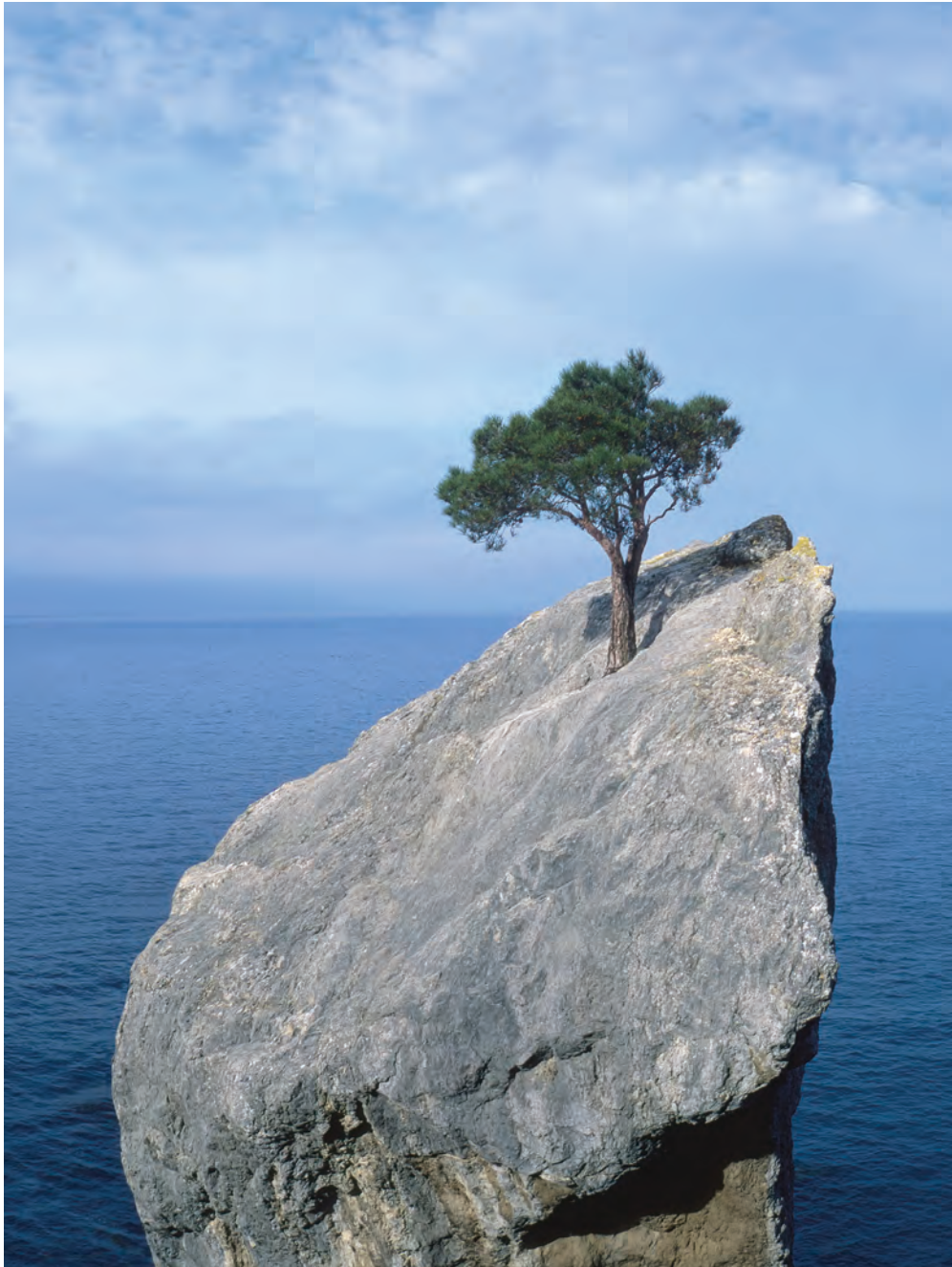
- > Overseeing the documentation, implementation, and effectiveness of Responsible Investment processes and procedures at each Investment Franchise.
- > Ensuring all marketing material and disclosure documents (including client reports, fact sheets, and the internal RFP database) are aligned with documented Responsible Investment processes and procedures.
- > Reviewing and signing off on firm-wide external reporting, including the annual Responsible Business Report and reporting to third-party organizations on our Responsible Investment activities, including the UN PRI.
- > The ongoing categorization of RI AUM across the firm.
- > Supporting the development of new investment strategies that include new Responsible Investment approaches as part of investment processes.
- > At least annual compliance monitoring of Responsible Investment related aspects of a selection of investment strategies, specifically those that formally integrate ESG factors and/or have social/environmental impact objectives and/or have specific ESG client-led guidelines.



## Future of Responsible Investment

The future of Responsible Investment in the U.S. remains uncertain. We are committed to staying informed and adapting to satisfy the values and needs of our clients. We remain flexible and ready to implement additional Responsible Investment practices and abide by new regulations when required to do so.





## SECTION 4

# Business Resilience



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix





## Business Resilience

We understand the critical importance of maintaining business resilience in the face of evolving risks and opportunities. We are continually assessing and addressing potential vulnerabilities to ensure our long-term sustainability and success. In this section of our report, we discuss our strategies and initiatives aimed at enhancing our business resilience and mitigating risks to protect our stakeholders and propel value creation.

We have designed a business platform that is exceptionally resilient. Our cost structure is

more than two-thirds variable and calibrates in real time with our revenue and earnings. This makes ours an all-weather firm by maintaining consistent profit margins regardless of market conditions. We also have a robust product development initiative that focuses on where investors are allocating capital to guide the continual evolution of our product portfolio. Our strategy is focused on staying ahead of the curve by developing new products, adapting to long-term secular trends and technologies, and always seeking ways to improve and innovate.

Additionally, we have realized significant growth through strategic acquisitions, allowing us to expand our investment capabilities and enter new markets, thereby enhancing the diversification of our business.

We utilize the Sustainability Accounting Standards Board (SASB) standards to monitor and report on the material factors that may impact our business.

The material disclosure topics that SASB has identified for Asset Managers are mapped out below:

SASB Theme	Social Capital	Human Capital	Business Model and Innovation		Leadership and Governance
Relevant Issue	> Selling Practices and Product Labeling	> Employee Engagement, Diversity, and Inclusion	> Product Design and Lifecycle Management		> Business Ethics
Disclosure Topics Identified by SASB for Asset Managers	> Transparent Information and Fair Advice for Customers	> Employee Diversity and Inclusion <i>See People and Culture section</i>	> Incorporation of ESG Factors in Investment Management and Advisory <i>See Responsible Investment section</i>	> Financed Emissions <i>See Responsible Investment section</i>	> Business Ethics



## Governance

We have robust procedures in place to monitor our Business Resilience and Sustainability, including the committees previously covered in this report (PVC, RI, and DEIB) and those that we cover in this section.

The Nominating, Governance, and Sustainability Committee of the Victory Capital Holdings, Inc. Board of Directors is responsible for oversight of Business Sustainability initiatives. This includes CSR initiatives and potential business risks posed by ESG matters that may be material in nature, including, but not limited to, matters involving employee development and welfare, diversity and inclusion, community investment, information privacy and security, and environmental stewardship.

## ESG Ratings

ESG rating providers are companies that assess and evaluate the sustainability and ethical practices of businesses and financial instruments. They analyze and rate companies based on their environmental impact, social responsibility, and corporate governance practices.

Rating Provider	Rating Scale	Victory Capital Rating	Update Date
<b>MSCI ESG Rating<sup>1</sup></b>	AAA to CCC	BB	July 2023
<b>Morningstar Sustainalytics ESG Risk Rating<sup>2</sup></b>	0–100, Negligible to Severe	25.7, Medium Risk	March 2024
<b>ISS ESG Rating</b>	A+ to D-	D+, Not Prime	April 2024

We also report on topics deemed material to our business by numerous ESG ratings providers to support their analysis of our business, including supply chain due diligence and data protection.

<sup>1</sup>The use by Victory Capital Management of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Victory Capital Management by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

<sup>2</sup>Copyright ©2024 Morningstar Sustainalytics. All rights reserved. This section includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect. Use of such data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix

## Transparent Information and Fair Advice for Customers

We are subject to many legal obligations, regulatory requirements, and fiduciary duties related to record keeping, operating, marketing, disclosure requirements, and prevention of fraudulent activities.

---

### INVESTMENT PROCEDURES

---

Victory Capital's policies require adherence to the investment objectives and specific investment policies and restrictions applicable to each account it advises. These guidelines are established in clearly written offering documents (in the case of pooled vehicles) and investment policy statements developed in conjunction with each investment client or their investment consultants (in the case of separate accounts). These guidelines are reviewed periodically for accuracy and updated for completeness.

---

### MARKETING PROCEDURES

---

Investment adviser advertising is regulated primarily under Rule 206(4)-1 of the Investment Advisers Act of 1940 (Advisers Act). Fund material is covered under 1) the Financial Industry Regulatory Authority (FINRA) Rules 2210-2214; 2) Rule 482 under the Securities Act of 1933; and 3) Rule 34b-1 of the Investment Company Act of 1940 (1940 Act), among other rules. 529 Plan advertising is covered under various Municipal Securities Rule Making Board (MSRB) rules, including G-21 and G-27.

Our Marketing Policy outlines rules and procedures to ensure that all advertisements are transparent, fair, and unbiased, with necessary disclosures including risk information and pricing. We create various marketing materials such as fact sheets, commentaries, presentations, videos, flyers, and brochures.

All disclosures adhere to minimum font size standards, display net performance for 1-, 5-, and 10-year periods, and include Morningstar® ratings for mutual funds.

In addition to conforming to the regulations and standards referenced above, all materials are reviewed and approved internally by compliance professionals to ensure they are comprehensive and accurate in advance of publication.



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix



## SELLING PRACTICES

A large proportion of our clients are sophisticated Institutional Investors or Intermediaries, including Financial Advisors, with deep understandings of investment vehicles and the associated risks. The greatest risk for our business regarding selling practices resides within our Direct Investor channel.

When customers choose to purchase mutual funds directly from Victory Capital, they are able to buy load-free share classes directly through the Transfer Agent or via Victory Capital's self-directed brokerage platform.

Load-waived shares are the lowest cost shares available to the consumer, and in many cases are acquired with no live interaction between Victory Capital and its customers. Victory Capital offers consultations with Series 7 licensed sales associates at no additional cost to the consumer. These consultations provide customers with a point-in-time analysis and recommendation of an investment in Victory Funds or VictoryShares ETFs. This sales activity falls within the duties of Victory Capital's broker-dealer, Victory Capital Services, Inc. and is governed by FINRA's standards, which require:

- > A diligent and timely supervisory environment
- > Documented and recurring sales training
- > Compliance with Regulation Best Interest (Reg BI)

Victory Capital's Direct Investor sales team works to provide customers with recommendations in order to help them meet their investment goals. We ensure that only suitable products are recommended to our clients and provide clear information and documentation by following the established processes and procedures outlined previously in this section.

FINRA's Reg BI framework is utilized in every instance to ensure that Victory Capital sales personnel are familiar with the client's objectives, experience, and financial situation. Recommendations made to customers expire after 90 days, at which time updated Reg BI data is required, and 100% of recommendations made to customers are reviewed by Series 24 licensed sales principals.

Victory Capital compensates sales reps through a variable



incentive-based schedule, reflecting recommendations and client investment activity. To further ensure that customers receive this service in a manner that serves their best financial interest, Victory Capital provides recurring training on both sales practices and on investment products. Additionally, reps are required by FINRA to complete both Regulatory Element and Firm Element training annually.

### EMPLOYEE PERSONAL ACCOUNTS

We monitor the personal trading activities of our employees. All employees are subject to our Code of Ethics (Code), which is covered in more detail on page 29. In most cases, employees must obtain preclearance prior to engaging in any personal securities transactions. The Code establishes controls and restrictions to ensure personal transactions are conducted in a manner that mitigates the risk of any actual or potential conflict. For example, when an Investment Franchise trades a security on behalf of a client, all investment professionals within that Investment Franchise are prohibited from personally

trading that security for a 10-day period (seven days before and three days after the execution of the trade). All employees are prohibited from short selling any stock, including their beneficial ownership in our Common Stock or any associated options.

### RECORD KEEPING

We are subject to numerous regulatory and legal requirements regarding data retention, including those of the Advisers Act, 1940 Act, ERISA, OFAC Rules, Regulation S-P, and Regulation S-ID. We have robust processes and procedures in place to ensure that we maintain the appropriate records for at least the minimum retention period.

We strive to keep personal information for only as long as necessary to achieve a legitimate business purpose or to meet the requirements of recordkeeping rules and applicable law. We only collect the necessary personal information to effectively serve our clients, and any personal information Victory Capital has identified for destruction will be securely destroyed, purged, or erased.



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix

# Business Ethics

## CODE OF ETHICS (CODE)

The Code governs the ethical requirements of Victory Capital and its employees. The Code is designed to capture the spirit of the fiduciary duty Victory Capital and its employees owe our clients as well as articulate prescriptive requirements that aid in preventing that duty from being violated and comply with Rule 204A-1. The Code is subject to an external audit every three years.

The prescriptive requirements in the Code are meant to mitigate or eliminate potential conflicts of interest, especially in common areas of potential conflict in our industry, such as personal trading, gifts and entertainment, outside business activities, and political contributions.

All employees and relevant contractors are subject to mandatory compliance training, which covers the Code. The training is distributed across multiple modules, some of which are discussed in the sections that follow.

## CONFLICTS OF INTEREST

Victory Capital employees engage in reasonable and customary business practices, including giving and receiving gifts and entertainment (G&E), which entails potential risk. For example, an employee is violating their obligation as a fiduciary if they routinely accept lavish and excessive G&E. Conversely, if an employee routinely provides lavish and excessive G&E, they run into potential risks, including exerting undue influence over decision-makers, violating a client's internal policies, and violating anti-bribery regulation. These risks are covered in our Business Gifts and Entertainment Policy, which applies to all employees and business units of Victory Capital.

Employees are required to report and preclear activities that could pose a potential conflict of interest, such as outside business activities (OBA), G&E, and personal political contributions.

Victory Capital's policy requires preapproval both by an employee's manager and compliance for any OBA and business gifts, whether received or given. All potentially lavish business entertainment, whether given or received,



must be precleared. All business entertainment, excluding business meals valued at less than \$25 per person, must be disclosed. Quarterly G&E reports are reviewed by compliance, and any issues are escalated to the Compliance Committee.

There are rules around the types of political donations employees can make. Employees must receive approval from compliance before making personal political contributions at all levels. Any donations are made on a personal level and are not affiliated with Victory Capital.

## FINANCIAL CRIME

We have developed risk-based policies and procedures that comply with our regulatory obligations for monitoring and overseeing potential financial crime, as outlined in our internal Anti Money Laundering (AML) and Office of Foreign Assets Control (OFAC) Policy.

Given the nature of our business model, in many cases third-party intermediaries are responsible for implementing most, if not all, financial crime oversight

related to a Victory Capital product or account. These responsibilities include customer risk-based due diligence and ongoing transaction monitoring.

Victory Capital is responsible for due diligence on customers who enter into a direct agreement with Victory Capital. The level of due diligence will be driven by the product and geographic risk analysis performed by Victory Capital's AML Officer, and we are also committed to periodic reviews of any customer who is deemed to be high risk.

At Victory Capital, reporting AML red flags is part of everyone's job, regardless of an individual's role. Below we outline some examples of red flags that may indicate an attempt to launder money:

- > Disregard for risks, fees, or penalties involved in a transaction
- > Unusual interest in our company's AML policies, procedures, and reporting requirements
- > Opening accounts or effecting transactions with no apparent business purpose



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix

- > The same individual having Power of Attorney on multiple unrelated accounts
- > Unwillingness to provide requested identifying information for establishing an account or effecting a transaction
- > Transactions that, alone or in aggregate, are out of character for the customer or account

Employees that are involved in client relationships and transactions as well as those responsible for client due diligence are subject to mandatory annual AML training.

Red flags don't just apply to AML. We seek to identify any and all types of financial crime, including tax evasion. As well as relying on our people to raise concerns, we also analyze regular reports in order to detect possible criminal activity, which includes the monitoring of the extraterritorial movement of funds.

When any financial crime red flag is reported, we investigate. This will result in a referral to our fraud team, who will consult our AML officer. The AML officer will investigate further and make a decision as to whether we need to file a suspicion with FinCEN. Our actions will differ on a case-by-case basis and will result in the closure of accounts when deemed appropriate.

## INSIDER TRADING

Insider trading refers generally to buying or selling a security in breach of a fiduciary duty or other relationship of trust and confidence while in possession of material, non-public information about the security. Insider trading violations may also include tipping such information, securities trading by the person tipped, and securities trading by those who misappropriate such information. All employees are required to comply with our Insider Trading Policy, which governs Victory Capital's oversight and commitment to preventing any form of insider trading. Individuals who fail to comply with the requirements of this policy are subject to disciplinary action.

All employees and relevant contractors are required to complete mandatory Code of Ethics training around Personal Trading and Material Non-Public Information annually.



## WHISTLEBLOWING

Victory Capital's Whistleblowing and Reporting Suspicious Activities Policy applies to all employees and contractors. Victory Capital encourages all individuals to report issues that they believe to be unethical or questionable practices.

Victory Capital has established three different methods that an individual can use to report a potential issue:

- > **Hotline:** Victory Capital has hired an independent party to manage an anonymous hotline to ensure anonymity in reporting if the individual reporting wishes to remain anonymous. Additionally, Victory Capital's Fund Trusts each have their own dedicated hotline. The hotlines are available 24 hours a day, seven days a week.
- > **Communication with Executives:** Within the business, there are three key contacts available to report any issues that may arise. Those looking to report a concern or issue are encouraged to reach out to the Chief Compliance Officer (CCO) as their initial point of contact, with the option to contact either of the two named additional executive-level individuals if their concern specifically pertains to the CCO.

- > **Confidential Mail:** Individuals who prefer not to use the hotline or have direct contact with the specified executives have the option to anonymously submit their feedback by mail to the aforementioned executives.

The CCO will take appropriate action to investigate reported issues, and actions may include the use of internal or external counsel, accountants, or other personnel.

Victory Capital will not tolerate any form of retaliation against an individual who reports a concern or submits a good-faith complaint, participates in an investigation, or discloses suspected unlawful activity to authorities if they have reasonable cause to believe unlawful activity has occurred. Retaliation or the threat of retaliation against an employee for reporting or supporting an investigation will be considered a violation of our Code and may result in immediate suspension and additional sanctions for those involved.

To ensure our employees are up to date with our processes, our Whistleblowing Policy is covered in our mandatory annual Code of Ethics training.



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix



Other Material Topics

SUPPLY CHAIN DILIGENCE

Victory Capital relies on numerous vendors to support us with our day-to-day business operations. We hold our suppliers to the highest standards to ensure we can consistently uphold the quality of our services.

Prior to engaging service providers, Victory Capital conducts a thorough vetting process consisting of a vendor risk assessment, due diligence, and an approval process. Victory Capital's Vendor Oversight Committee is responsible for governance of this process.

The vendor due diligence process includes the consideration of various risks that can arise from third-party relationships, including technical and industry experience, financial condition, and operational and information security controls.

DATA PROTECTION

Victory Capital is committed to protecting data from unauthorized access, disclosure, use, disruption, modification, or destruction through thoughtful application of people, processes, and technology controls. Physical, electronic, and procedural safeguards have been developed and maintained to protect Victory Capital's information assets, including the use of authentication and monitoring technologies.

Information systems and data security processes are managed consistent with the firm's risk strategy to reasonably protect information with physical, technical, and administrative safeguards throughout the data life cycle. Victory Capital's information security policies include various procedures governing data security that apply to all employees and contractors as well as third-party service providers.

The Audit Committee of the Victory Capital Holdings, Inc. Board of Directors oversees our enterprise risk management, which includes data privacy and cybersecurity. We also have an Enterprise Risk Committee (ERC), which is chaired by a member of compliance, and an Information Security Committee (ISC), which is chaired by our Chief Information Security Officer (CISO). The ISC



reports on our cybersecurity program to our Board at least annually.

As a public company, regulated by the SEC, Victory Capital is audited on an annual basis by a public accounting firm. Within the scope of this audit, IT General Controls, which include access controls, change management and file transfer processes, are assessed to validate design and operational effectiveness.

APPROPRIATE USE OF DATA

Victory Capital maintains information security policies that provide general principles and specific direction on appropriate and inappropriate use of data and technology. Under no circumstances do we engage in the sale of customer information to third parties.

At times, it may be necessary for us to disclose customers' personal information to effectively conduct our business activities within the confines of the law. Any information shared with external entities is strictly limited to what is necessary to provide our services. For example, we may collaborate with print and mail companies to ensure seamless communication with clients.

Cryptographic mechanisms are employed to protect and ensure the confidentiality and integrity of external data

transmissions and communications between Victory Capital and its business partners.

As described previously, the Vendor Oversight Committee's due diligence process considers the risks associated with each potential vendor's information security practices. As part of this process, the Committee collects information about a potential vendor's data handling practices, such as its security policies, system access controls, network physical security practices, business continuity, and maintenance practices.

Each service provider must maintain acceptable business continuity and disaster recovery procedures, cybersecurity practices, and safeguards for maintaining the confidentiality and integrity of client data and availability of its information systems as evidenced by their annual SOC2 Type 2 reports or equivalents. Our Vendor Oversight Committee reviews our critical vendors' capabilities annually.

Beyond sharing data with our vendors to support us in delivering our services, we will only disclose customer information if required by law, court order, subpoena, written administrative request cleared by appropriate personnel, or by regulatory authorities.

Information on how we use and share personal data is available in our Privacy Statement, which is [publicly available here](#).

ARTIFICIAL INTELLIGENCE (AI)

We have developed an AI Acceptable Use Policy that is designed to ensure compliance with regulatory bodies, protect the privacy of our data assets, and ensure that the information we use is complete, accurate, valid, and protected. The policy prohibits the use of AI to drive any investment process or advice.

All employees and relevant contractors have been subject to mandatory AI training, which provides an overview of our policy and describes the process for using and monitoring generative AI usage. It includes employee acknowledgment and agreement to comply with the policy.

AI capabilities and risks are evolving rapidly, so we regularly review current and future use cases.



## DISASTER RECOVERY

Victory Capital's response plans include processes and procedures that may be executed to ensure timely response to catastrophic events. Victory Capital's Business Continuity Plan (BCP) includes a comprehensive Disaster Recovery Plan.

All Victory Capital employees possess a company-issued laptop with the ability to securely work from outside the office. Remote connections are secured through multifactor authentication and encrypted by VPN over the internet.

Availability and performance of our remote work capabilities are confirmed through regular remote usage and tested during annual data center disaster recovery exercises. Such testing is designed to confirm the resilience of our technology infrastructure and the ability of personnel to perform critical operations in case any of our offices are unavailable.

Should a disaster occur within our primary data center, data traffic fails over to a geographically diverse secondary data center. The secondary data center is configured to mirror the primary one, with data consistently synchronized between the two.

Victory Capital's data centers are independent of the firm's office locations. Therefore, impact to a single office would be contained to that specific office. All other Victory Capital office locations would continue to support critical business operations while the situation is addressed.

## CYBERSECURITY

Our ISC oversees and implements an information security program that seeks to assess, identify, and protect against cybersecurity threats and detect, respond, and recover from security incidents. The program is modeled upon the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), a well-established and widely adopted framework in the financial services industry. The NIST CSF defines five essential functions that constitute the framework's core: Identify, Protect, Detect, Respond, and Recover.

We protect our information systems, data, and network through technical and procedural controls and security awareness training.

Security awareness training is mandatory for all employees and contractors with access to Victory Capital systems. It is conducted both at the time of first hire and annually, and it covers topics such as phishing, social engineering,

ransomware, security essentials, password security, public Wi-Fi risks, and mobile device security. Training is supplemented by testing initiatives, including periodic phishing tests, which may result in remedial training.

We deploy multiple technical controls to achieve a defense-in-depth layered security strategy, including, but not limited to, systems access controls, firewalls, web application gateways, antivirus software, email filtering, and endpoint protection.

Victory Capital's information systems are continuously monitored for emergent threats, including anomalous, suspicious, and unauthorized network activity. Detected events are immediately triaged and evaluated for threat potential and impact.

Victory Capital regularly conducts internal assessments to identify, report, and mitigate any cybersecurity vulnerabilities. We also engage reputable third-party providers to perform penetration testing. Identified vulnerabilities are mitigated following a defined prioritization and remediation process.

Victory Capital's BCP also includes an Incident Response Plan for effective, efficient, and orderly response to cybersecurity events and incidents. All plans are regularly maintained and tested periodically.



People and Culture

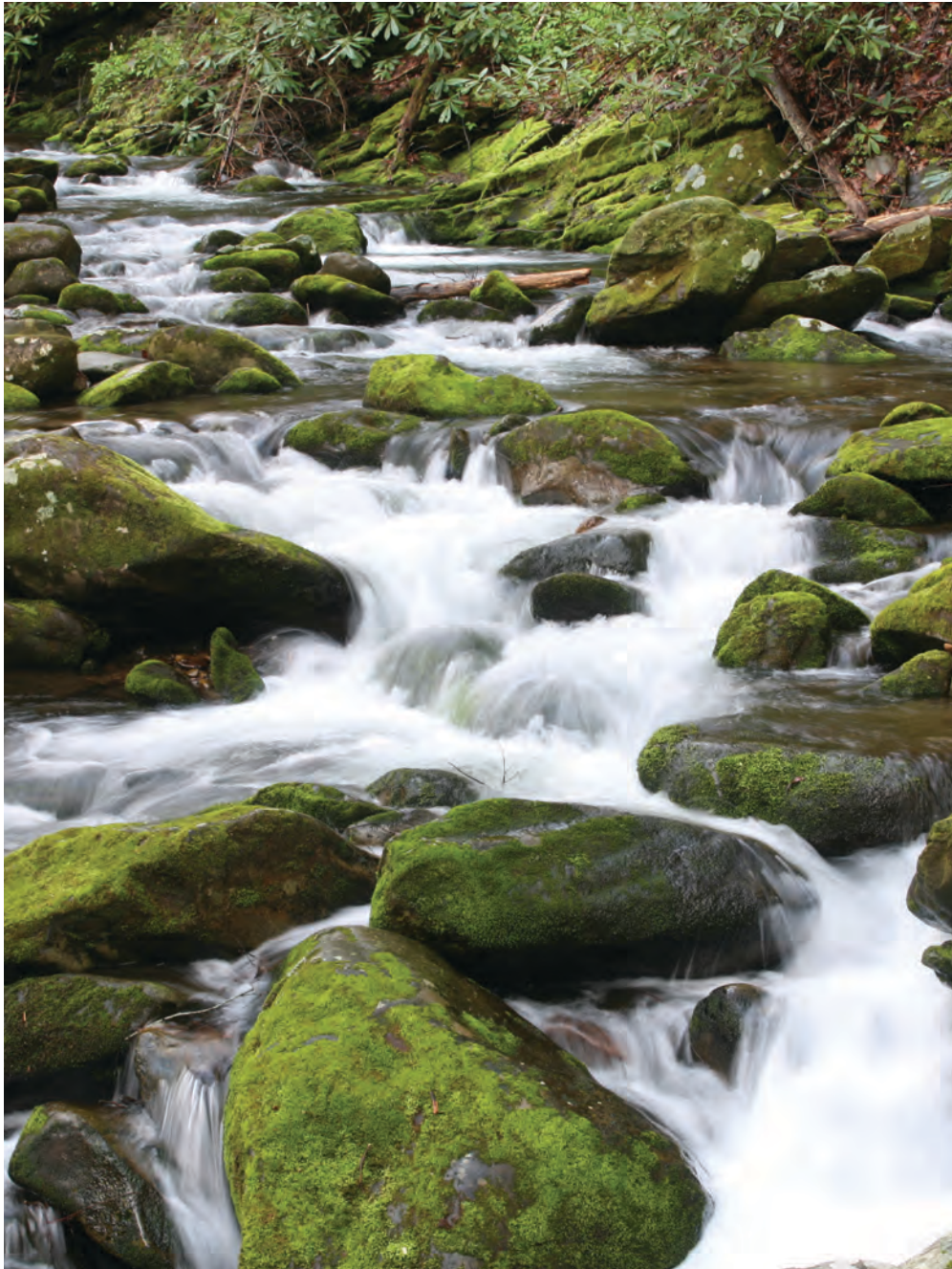
Community Engagement

Responsible Investment

Business Resilience

Appendix





## SECTION 5

# Appendix



People and Culture

Community  
Engagement

Responsible  
Investment

Business Resilience

Appendix

## Sustainability Accounting Standards Board Index

Topic	Metric/Disclosure	Response/Reference	Code
Transparent Information & Fair Advice for Customers	1. Number and 2. percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	1. 0 2. 0%	FN-AC-270a.1
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	\$0	FN-AC-270a.2
	Description of approach to informing customers about products and services	Details on our approach for informing customers about products and services are available in the Business Resilience section, pages 27–28.  <i>Additional information about Victory Capital's strategies and risks can be found on Victory Capital's website and in its Forms ADV, which are available upon request. For U.S. registered products (mutual funds and ETFs), this information can be found in the funds' prospectuses and Statements of Additional Information on vcm.com or on the SEC's EDGAR database along with other required reports that include details about investment performance and financial reporting.</i>	FN-AC-270a.3
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	Data on the gender and ethnic identity of our employees can be found in the People and Culture section, page 10.	FN-AC-330a.1
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Data on our Responsible Investment AUM can be found in the Responsible Investment section, page 20.	FN-AC-410a.1
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	Description of our Responsible Investment approach can be found in the Responsible Investment section, pages 20–21.	FN-AC-410a.2
	Description of proxy voting and investee engagement policies and procedures	Description of our proxy voting approach can be found in the Responsible Investment section, page 22.	FN-AC-410a.3



People and Culture

Community Engagement

Responsible Investment

Business Resilience

Appendix

Topic	Metric/Disclosure	Response/Reference	Code
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Currently, asset managers in the U.S. are not required to report financed emissions, and the majority of our clients do not request this information. As such, we do not currently report these metrics on a firm-wide basis.	FN-AC-410b.1
	Total amount of assets under management (AUM) included in the financed emissions disclosure		FN-AC-410b.2
	Percentage of total assets under management (AUM) included in the financed emissions calculation		FN-AC-410b.3
	Description of the methodology used to calculate financed emissions		FN-AC-410b.4
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	\$0	FN-AC-510a.1
	Description of whistleblower policies and procedures	Details on our whistleblower policies and procedures are available in the Business Resilience section, page 30.	FN-AC-510a.2

Activity Metric	Response	Code
Total assets under management (AUM)	\$ 166.6 billion	FN-AC-000.A





---

Responsible Business Report | 2023

---