

January 2022

## INTRODUCTION

As a U.S. Securities and Exchange registered investment adviser and fiduciary to its clients, GW&K is committed to helping our clients preserve and grow their financial assets. As a signatory to the Principles for Responsible Investment (PRI), we believe that incorporating environmental, social, and corporate governance (ESG) considerations as factors in our investment analysis process helps us better achieve this objective and is in line with our long-standing commitment to fulfill our fiduciary responsibilities to our clients.

### **I. Policy**

It is GW&K's policy to put our clients' interests first and foremost when making investment decisions. By incorporating ESG factors into our investment selection process, we seek to improve the performance of our investment strategies and achieve the best possible risk-adjusted return for our clients. We recognize that the relative impact of ESG factors on performance may vary across industries and regions, but we believe that responsible corporate behavior with respect to ESG factors can lead to sustainable long-term financial performance. We take a pragmatic approach in applying ESG factors into our analysis processes, and may adjust our assessment for current or potential investments based on a number of considerations, some of which may include:

- Where does the investment stand on ESG issues?
- Where does the investment stand on ESG issues relative to its peers in the industry?
- How does the economic and political climate of the region in which the investment operates contribute to its standing on ESG issues?
- Is the investment in the process of implementing or have they recently implemented changes that will materially change its stance on ESG issues?
- How much of the investment's resources can be allocated to ESG issues while continuing to operate as a going concern and remain profitable?
- Has the investment had any recent violations related to ESG issues?
- Has the investment's ESG standing changed materially in recent periods?

Our approach is to incorporate ESG factors among other fundamental, technical and valuation factors in making well informed investment decisions across all strategies and asset classes.

### **II. Investment Process**

Evaluation of ESG factors is built into GW&K's initial and ongoing investment analysis where relevant. Each of GW&K's investment teams consider ESG factors as they apply to the investments they evaluate for their investment strategies. The analysis of ESG factors is considered a component of our fundamental research process. GW&K's research analysts and portfolio managers may additionally leverage ESG research data and reports from third-party providers where available and/or applicable. As an active manager, GW&K does not include or exclude investments solely on the basis of a third-party ESG screening or rating; rather, our analysts leverage ESG data that can be obtained from third-parties and factor this information into the investment analysis process. Our investments teams will also periodically engage with company management to better understand the ESG data that is available as part of their analysis.

In addition to ESG integration across all strategies and asset classes, GW&K maintains certain ESG-focused investments strategies. In addition to the investment process described above, our ESG-focused strategies may apply proprietary ESG ratings and factors in addition to reviewing data available from third-party ESG providers.

As a fiduciary to our clients, GW&K is also frequently delegated the authority to vote proxies for the

securities held in our client accounts. In order to properly discharge our voting obligations, we have established a separate Proxy Voting Policy and procedures to document this process. When voting a particular proxy, we may also consider ESG issues with respect to ballot items where they are applicable.

As we execute on our fiduciary responsibility to our clients, we will continue to consider ESG factors as a component of our overall investment process.

### **III. Climate Change**

GW&K believes that by incorporating climate change considerations into our investment decisions, we can help foster a stronger more sustainable economy, environment and society. GW&K is therefore a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Paris Agreement. The TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities within financial markets. GW&K is committed to advancing its own implementation of the TCFD recommendations and endeavors to encourage others to do the same.

### **IV. Oversight and Documentation**

Each GW&K investment team is primarily responsible for ensuring that ESG factors are being taken into consideration during the investment analysis process. GW&K's Legal & Compliance Department will periodically coordinate with the investment teams on this process, and on PRI considerations pertaining to annual signatory reporting requirements.

#### **ESG Committee**

GW&K maintains an ESG Committee that generally meets quarterly and more frequently as needed, to review the firm's ESG practices, including GW&K's policies and procedures, third-party services, and any matters that have arisen relating to ESG. The Committee is comprised of GW&K's Chief Compliance Officer, General Counsel, senior investment management personnel for each asset class, members of the Legal & Compliance Department, Client Service and Marketing Department.

GW&K's Legal & Compliance Department is responsible for periodically assessing firm compliance with this policy and the effectiveness of its implementation.