

April 2021

## INTRODUCTION

As a U.S. 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, 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 while 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 positive and sustainable long-term financial performance. We take a pragmatic approach in applying ESG factors into our analysis processes, and may adjust our assessment of an investment based on a number of considerations, some of which may include:

- Where does the potential investment stand on ESG issues relative to its peers in the industry?
- Does the economic and political climate of the region in which the potential investment operates allow it to improve its standing on ESG issues?
- How important is it for the potential investment to allocate resources to ESG issues in order to continue to operate as a going concern and remain profitable?
- Has the potential investment had any recent violations related to ESG issues?
- Has the potential investment's ESG standing changed materially in recent periods?

Our approach is to incorporate ESG factors among many other fundamental, technical and valuation factors in making well informed investment decisions.

### **II. Investment Process**

Evaluation of ESG factors is built into our initial and ongoing investment analysis where relevant. Each of GW&K's investment teams will consider ESG factors as they apply to the investments they evaluate for their investment strategies. The analysis of environmental, social, and corporate governance considerations is typically included in the fundamental research process where relevant. GW&K's research analysts and portfolio managers may additionally leverage ESG research data and reports from third-party providers where available. On-going analysis of ESG factors for portfolio holdings includes periodic review of environmental, social, and corporate governance considerations as well as ESG ratings data from third parties where applicable.

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.

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### **III. Climate Change**

GW&K believes that by incorporating climate change considerations into our sustainable business practices and 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 UNPRI 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 issues that have arisen relating to ESG. The Committee is comprised of GW&K's Chief Compliance Officer, General Counsel, senior investment management and trading personnel, members of the Legal & Compliance Department, and managers of GW&K's Marketing Department. The ESG Committee will meet ad hoc if there is an ESG issue that requires the Committee's review.

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