

## Environmental, Social, and Governance Policy

### Introduction

Epoch's approach to ESG supports our mission as fiduciaries to address the interests of our clients and provide attractive risk-adjusted returns. Our investment process incorporates ESG issues and evaluates whether these issues may have a material impact on either investment risk or return. We believe good governance practices and responsible corporate behavior contribute to the positive long-term performance of companies and can help reduce investment risk. Subject to and in line with our fiduciary duty, we believe in encouraging good governance and responsible corporate practices as part of our investment approach.<sup>1</sup>

### Investment and ESG Philosophy

1. Sustainable free cash flow generation and the effective allocation of capital drive long-term value creation. These, together with price and risk, determine risk-adjusted return.
2. Good corporate governance is essential to ensure that companies create long-term value for their investors. Many other factors, including those related to broader social and environmental issues, have always and, for some companies, will increasingly affect return and risk.
3. The financial materiality of ESG factors varies by industry, country, and company.
4. As a result, it is important for us to consider ESG-related factors which impact returns and risk, and to seek to influence management teams to address ESG-related issues that may affect our investment results.

### Implementation Principles

1. Investment team members are responsible for integrating ESG into the investment process. In making investment decisions, the Investment team evaluates those ESG factors which it believes are relevant and material to return or risk over the anticipated time horizons of our investments. The Portfolio Manager, in conjunction with fundamental investment analysts, is responsible for the ultimate assessment of financial materiality of ESG issues.
2. Epoch has a dedicated Sustainable Investing team, with a presence in both New York and London. This team provides oversight and domain expertise on ESG matters. This team collaborates with other Epoch investment professionals in assessing ESG considerations.
3. We will demonstrate Active Ownership in a variety of ways, including but not limited to:

---

<sup>1</sup> This policy covers all strategies managed by Epoch Investment Partners, except for Epoch's Global Absolute Return and Global Equity Growth strategies. It also does not cover strategies under the Epoch legal entity which are overseen by TD Asset Management.

- a. Engaging with company management teams through meetings or written correspondence to advocate that they address ESG-related issues which we believe will meaningfully enhance the return or reduce the risk of our investment;
  - b. A thoughtful approach to proxy voting, evaluating the merits of proxy proposals in furthering our clients' interests and fulfilling our fiduciary duty; and
  - c. Contributing to industry associations which support shareholders' rights and further our fiduciary goals of providing attractive risk-adjusted returns
4. Epoch is willing to, and does, manage separate accounts with client-directed restrictions on investment in specific securities, industries or countries, provided these do not materially alter the investment strategy.

### ESG Oversight and Governance

Epoch demonstrates its oversight and governance of its ESG policy in a number of ways:

- Epoch's ESG initiatives are directly overseen by our Head of Sustainable Investing, who reports to one of the firm's co-CIOs. Our Head of Sustainable Investing also reports on ESG-related issues to the firm's Portfolio Management Group, comprising the firm's senior Investment leaders.
- The firm's senior leadership also oversees ESG through several other avenues. Epoch's ESG policy is reviewed by Epoch's co-CIOs, Head of Sustainable Investing and Chief Compliance Officer ("CCO") on an annual basis. Proposed changes must be approved by Epoch's President and Epoch's Policy Oversight Committee ("POC") before they can be implemented.
- Epoch's proxy voting policy is reviewed by Epoch's co-CIOs, Head of Sustainable Investing and Chief Compliance Officer on an annual basis. Proposed changes must be approved by Epoch's President and POC before they can be implemented. Please consider our [proxy voting policy](#) a part of our overall ESG policy. We also have a separate Proxy Voting Group made up of our Head of Sustainable Investing, co-CIO, Head of Risk Management, Compliance & Operations teams as well as members of our Investment team to evaluate proxy-specific issues.
- Our ESG efforts are ultimately overseen by our President, ensuring implementation across the organization.
- Epoch's President also reports on ESG activities to the Epoch Board of Directors as required.

### Epoch's Approach to ESG Issues

*Environmental Factors:* Environmental factors may be a material driver of risk and return for the companies Epoch invests in. In particular, Epoch considers climate change a major influence on economic activity, generating potential threats as well as opportunities associated with the shift to less carbon-intensive activities. Global policy seeks to address climate change through the Paris Agreement and the United Nations Sustainable Development Goals (SDGs), together with various national targets.

In practice, some companies will be better prepared than others to deal with the inevitable constraints on current business practices from regulation, the risk of supply chain interruptions, and potential stranded assets. Similarly, some companies will be better prepared than others to offer new products and services suited to a carbon-constrained scenario.

Accordingly, we aim to understand companies in terms of their strategies to mitigate carbon emissions or growth potential through new processes, technologies or activities that are consistent with the Paris Agreement. In addition, we seek to understand how climate-related regulations at national and local levels might affect companies both positively and negatively. We seek to incorporate carbon risk assessment into our investment processes as appropriate.

We use external data sources to review and monitor the carbon intensity of portfolios and focus on the major portfolio carbon contributors. We may then engage with certain companies, as a result of this analysis, to understand the business context and what actions if any are being taken to address these issues. These analytics are produced quarterly for review by relevant portfolio managers and fundamental investment analysts. We may supplement these with additional analysis to evaluate company-level alignment with global policy objectives.

*Social Factors:* Social factors may be a material driver of risk and return for the companies Epoch invests in. This includes a wide range of considerations such as workforce development (including diversity, equity & inclusion), labor and supplier relations, health & safety practices as well as reputation with customers and regulators. The financial materiality of social issues tends to be highly specific to the company, and its industry and geography.

*Governance Factors:* Epoch believes that companies which are governed effectively will generate increasing shareholder value in the longer term. Governance covers many aspects and are often company-specific. The themes/aspects that we most commonly focus on are accountability, expertise and board tenure, risk oversight, remuneration, and external assurance processes.

*Accountability:*

Epoch expects clear lines of accountability among the Board, Chair, CEO, executive officers, and management along with written mandates for the Board and each committee setting out their duties and accountabilities. Leadership of the board and leadership of the company should be separate but, if not, a Lead Independent Director should be clearly identified for shareholder interaction. Audit and remuneration committees should consist of a majority of independent non-executive board members.

*Expertise and Board Tenure:*

Boards should be diverse, offering relevant skills and experience. Board members should not have undue obligations elsewhere, have enough time to devote to the role, and independence is often better obtained by limiting tenure to a reasonable period, which may vary by jurisdiction. Every member of the board should stand for re-election at an acceptable interval, roughly no more than every 3 years.

*Risk Oversight:*

Boards should regularly identify and assess business risks including financial, operational, reputational, and environmental, and report their findings publicly. The Board is responsible for strategic leadership in establishing the company's risk tolerance and developing a framework and clear accountabilities for managing risk. Directors are responsible for understanding the current and emerging short- and long-term risks the company faces, the performance implications, and actions to mitigate such risks.

*Remuneration:*

The Compensation Committee should be comprised of independent directors that are tasked with developing and overseeing executive compensation plans and targets linked to objectives that are aligned with shareholders' interests, including the long-term sustainability of the business.

*External Assurance:*

Independent external assurance processes are valuable in helping determine confidence around business practices and the quality and accuracy of company reported data and other disclosures.

## Epoch ESG Process Framework

The firm's ESG efforts focus on four pillars, namely Research, Engagement, Stewardship and Communication & Education. We discuss each in greater detail below.

### *Research*

Generally, we demonstrate the integration of ESG factors into our investment process by requiring our fundamental investment analysts to prepare an ESG Note documenting their views of material ESG factors. Our Sustainable Investing team also conducts ESG research prior to corporate engagements. While the relevance of ESG factors varies by industry and company, we expect our Investment team to research and analyze any ESG issue that is financially material to return or risk over the anticipated time horizon of our investments. ESG Notes are made available to the whole Investment team in our proprietary research database within a reasonable timeframe upon initiation of a new position. Epoch's Compliance Department periodically verifies adherence to our ESG Note process.

Epoch utilizes a host of external service providers. These include MSCI ESG research for general ESG research, S&P Trucost for carbon analytics and Institutional Shareholder Services ("ISS") for proxy voting research. We also draw research from a host of additional sources, including industry associations such as CDP, PRI and Ceres.

### *Engagement*

Engaging with issuers is an important element of Epoch's ESG integration and stewardship efforts. We believe engagement deepens our research of a company's strategy and processes. We also use engagement as an avenue for advocating for desired strategies and policies, while serving as a sounding board for corporate management teams who are eager to understand ESG best practices.

**Engagement selection and prioritization:** Currently, the majority of Epoch's engagements are centered on understanding climate change risk, especially transition risk. We view climate change as an issue of systemic risk with implications for many companies across our strategies. We use S&P's Trucost database to assess the carbon exposure of our portfolios on a quarterly basis. This analysis identifies key metrics at a portfolio level and indicates which stocks are the principal drivers of the carbon exposure within the portfolio. This is an effective tool for identifying possible engagement needs.

Through Epoch's integrated approach to ESG, potential engagements are also identified by our Investment team throughout the investment process. Engagement opportunities may be recognized

through the work of our fundamental investment analysts when preparing ESG notes or other company-specific research. Our analysts also review the proxy statements/research for our holdings. The identification of material issues through any of these channels may inform our engagement activities.

**Methods of engagement:** Engagement calls/meetings are led by our Sustainable Investing team or by our fundamental investment analysts. Prior to the engagement, we prepare research to understand a company's positioning on various ESG issues and outline important questions. Call notes are shared through our Research Management System, and such information can then be used by portfolio managers and analysts in their evaluation of the company. Ultimately, Epoch's analysts and portfolio managers decide on the utility of the information gained from such engagements and how, if at all, it should impact investing decisions. Analyst and PMs may also glean ESG-related insights from their routine due diligence interactions with company management.

While Epoch does not have a prescribed process for engagement follow-up, we monitor engagement company performance on an annual basis if deemed necessary. We continue our engagement if, for instance, a company is not meeting the ESG goals it has set for itself, if we feel the company can be more ambitious in its goals, or if we need further clarity on a company's ability to achieve its goals.

Escalation is part of our engagement/stewardship toolkit. For Epoch, escalation may include the following tools: a. Writing letters to a Board; b. Supporting/filing resolutions; c. Arranging follow-up meetings at shorter intervals; d. Continuing the dialogue with employees at different seniority levels or working in different parts of the company; e. When appropriate, exiting a position. We appraise the need for escalation by evaluating a company's actions against our engagement objectives.

While the majority of Epoch's engagements are one-on-one meetings/calls with companies, we see collaborative engagement as an emerging trend in the ESG and stewardship fields. We participate in collaborative engagements through platforms such as Climate Action 100+ when we believe these will best serve our clients' interests.

### *Stewardship*

Stewardship encompasses a range of activities which we believe to be important in safeguarding our clients' interests.

First, proxy voting is a crucial component of exercising our shareholder rights and responsibilities. Epoch's proxy voting policy is available on our website. The main elements of our proxy voting policy are as follows:

- Epoch maintains proxy voting authority for Client accounts, unless otherwise instructed by the client.
- Epoch votes proxies in a manner that it believes is most likely to enhance the economic value of the underlying securities held in Client accounts.
- In light of Epoch's fiduciary duty to its Clients, and given the complexity of the issues that may be raised in connection with proxy votes, the Firm has retained Institutional Shareholder Services ("ISS"). ISS is an independent adviser that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers. The services provided to the Firm include in-depth research, voting recommendations, vote execution and recordkeeping.

- The Firm will use its best judgment to vote proxies in the manner it deems to be in the best interests of its Clients. As such, fundamental investment analysts and Portfolio Managers may deviate from ISS's voting recommendation.
- In the event that the Investment team's judgment differs from that of ISS, or that investment teams within Epoch wish to vote differently on the same proxy item given differing strategy objectives, the Firm will memorialize the reasons supporting that judgment and retain a copy of those records for the Firm's files.
- Additionally, the CCO will periodically review the voting of proxies to ensure that all such votes, particularly those diverging from the judgment of ISS, were voted consistently with the Firm's fiduciary duties.
- On at least an annual basis, the CCO or a designee will review the proxy voting policy.
- In addition, Epoch has formed a Proxy Voting Group comprised of investment team, trading and compliance representatives. The group meets several times a year.

Clients in segregated vehicles are able to override Epoch's house policy and direct voting according to their own wishes. Clients in pooled vehicles do not have the ability to override Epoch's house policy.

Our proxy efforts are primarily advised by our Proxy Voting Group, which is made up of our Sustainable Investing team, co-CIO, Head of Risk Management, and representatives from the Investment, Compliance and Operations teams.

**Collaboration & Stewardship:** We recognize that change, e.g. improving corporate governance, often requires us to work with others. We therefore look to collaborate with other like-minded investors when taking actions that align with our fiduciary duties. For example, we collaborate with industry groups such as the PRI, Ceres and CDP on various stewardship efforts to benefit shareholders.

#### *Communication & Education*

**Internal:** Our Sustainable Investing team seeks to continually raise the level of ESG knowledge at the firm. This is achieved through regular presentations to the firm, written communication material and guest speakers with particular expertise in a wide range of ESG topics.

**External:** We aim to clearly communicate our ESG philosophy, process and outcomes with our clients and other stakeholders. The main venues for this are Epoch's Sustainable Investing Annual Report and Quarterly Reports, available on the firm's website. We also report our ESG activity through industry frameworks such as the PRI and the UK Stewardship Code. Finally, we respond to more specific client questions through RFPs and DDQs, as well as more informal communication.