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 will incorporate ESG issues when, in our view, these issues may have a material impact on either investment risk or return. We believe good governance practices and responsible corporate behavior contributes to the positive long-term performance of companies and can help reduce investment risk.

Epoch is committed to improving how we integrate ESG into our investment processes. This policy statement reflects our current approach, and we expect our policy will continue to evolve over time to reflect further enhancements.

Beliefs

1. Free cash flow 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. Many other factors, including those related to broader governance, social, and environment issues, have always and, for some companies, will increasingly affect return and risk.

3. As a result, it is important for us to continue to broaden our investment scope to consider ESG-related factors which impact returns and risk, and to seek to influence managements to address ESG-related issues that may affect our investment results.

Principles

1. The relevance, materiality, and timeliness of ESG factors vary by industry, country, and company.

2. Investment team members are responsible for the level of integration into the investment process. In making investment decisions, the investment team will evaluate those ESG factors which it believes are relevant and material to return or risk over the anticipated time horizons of our investments.

3. As Epoch continues to further enhance its ESG approach, ESG factors will be integrated into our overall investment process by our investment team.

4. We will engage with company management teams to advocate they address ESG-related issues which we believe will meaningfully enhance the return or reduce the risk of our investment in them.

5. We will demonstrate our assessment of ESG-related factors in our investment decision-making and our advocacy with companies to address ESG-related issues.

ESG Policy

Fundamental Analysis

Epoch created a Sustainable Investment Team to identify relevant ESG issues and to work alongside investment analysts and portfolio managers to assist in incorporating such considerations into the appraisal of securities and portfolio construction processes. Generally, Epoch does not eliminate companies from its investment universe on the grounds of ESG factors but may discuss ESG issues with the management of the companies in which we invest or are considering investing on behalf of our clients. Our investment team have overall responsibility for analyzing the environmental, social, and governance performance of the companies in which we invest. Investment team members are expected to evaluate and integrate relevant and material ESG factors into their analysis of a company.

Epoch has entered into an agreement with an external ESG research provider to supplement its internal research investment process with respect to ESG. The vendor provides research and company ratings based on ESG factors on more than 4,000 companies around the world. Companies are monitored on a systematic and ongoing basis including daily monitoring of controversies and governance events. New information is reflected on a weekly basis. Each company research report includes ESG performance data as well as analysis of possible ESG risks and opportunities facing the company. These reports are available to our investment team and provide a perspective that our investment team may consider in their own research and analysis.

Focus Issues

While the relevance and materiality of ESG factors vary by industry, country, and company, Epoch believes there are certain ESG issues that are broadly applicable to many companies operating across a variety of industries. We believe two such issues, which we call "Focus Issues", are climate change and corporate governance. Focus Issues may be subject to additional research and engagement, led by Epoch's Sustainable Investment Team. Focus issues may be added, deleted, or modified as developments warrant.

Climate Change

Epoch considers climate change an increasingly important ESG factor and has adopted the CDP Global Investor Statement. Increased regulation to achieve policy goals will present companies with both potential threats and opportunities associated with the shift to a less carbon intensive world. Our objective is to review and monitor the carbon intensity of our portfolios, focus on the major contributors, and engage with those companies to better understand their business strategy and what actions are being taken to address climate related risks. To assist this effort, Epoch has contracted with a third-party carbon emissions data provider, Trucost, to assess the carbon footprint of our portfolios and individual holdings.

Governance

Epoch believes good governance practices are essential to long-term business success. Effective corporate boards promote and protect shareholder interests while taking into consideration all other stakeholders including employees, customers, suppliers, regulators, and the communities in which they do business. Important aspects of corporate governance include accountability, expertise and tenure, risk oversight, remuneration, and external assurances. Our goal is to advocate for the incorporation of best practices within the companies in which we invest. The voting of proxies is an important element of this process. Epoch has developed a proxy voting policy that will address corporate governance matters and should be considered as a supplement to this policy.

Procedures

- Epoch's Sustainable Investment Team analyzes certain portfolio's carbon exposure using the Trucost database. The holdings that are the principal contributors to the portfolio's carbon footprint may be subject to enhanced climate risk analysis and engagement, led by Epoch's Sustainable Investment Team. The primary objective of the analysis and engagement is to determine if the company has credible policies and strategies in place to effectively mitigate their risk exposures and comply with global policy standards.
- Epoch's Sustainable Investment Team will keep the relevant portfolio managers and investment analysts apprised of the results of the Trucost portfolio analyses, the enhanced climate risk analyses, and related company engagements.
- The Trucost portfolio analyses, enhanced climate risk analyses, and notes from engagement meetings/calls will generally be entered into Epoch's electronic research management system to provide on-demand access to the entire investment team.
- Periodically, Epoch's Sustainable Investment Team will conduct an ESG survey of the firm's top holdings to better understand best practices and emerging issues and trends as well as to help facilitate further engagement with companies, as needed.
- The Sustainable Investment Team will fulfill all reporting and disclosure requirements of the various ESG-related organizations, associations, and agreements that Epoch has joined or become a signatory to.
- The Sustainable Investment Team will produce, on an annual basis, a report that summarizes Epoch's engagement activity.

Oversight

Epoch's Head of Sustainable Investment, with assistance from the Compliance Department, is responsible for ensuring that Epoch's ESG policy is being maintained. Epoch's Equity Leadership Group ("ELG") will on a semi-annual basis confirm that Epoch's ESG policy is being implemented in a manner consistent with this Policy.

Epoch's ESG Policy is typically reviewed on an annual basis. The review process is led by the Head of Sustainable Investment in conjunction with the firm's CIOs. Any material changes to the policy must be approved by Epoch's CEO.

Appendix 1: Additional Discussion Regarding Climate Change

Epoch considers climate change an all-encompassing influence on economic activity offering companies potential threats as well as opportunities associated with the shift to less carbon intensive activities. Climate change is embodied in global policy via the Paris Agreement ("Paris") and the United Nations Sustainable Development Goals (SDGs), together with various national targets. In addition, 2018 was the year that evidence of climate change became indisputable with the Intergovernmental Panel on Climate Change (IPCC), the U.S. National Climate Assessment (NCA4) and other leading organizations such as the Department of Defense and NASA making clear their deep concern about prospects for the planet, our economies and society.

Subsequent regulatory initiatives are clearly aimed at improving the prospects to meet the Paris goals, with Australia, Europe and Japan most active. Underlying these initiatives is the direction of capital to be allocated to developing low carbon economies.

Consequently, some companies may be better prepared to deal with the inevitable constraints on current business practices from regulation, the risk of supply chain interruptions, and potential stranded assets. Equally, some companies will be better prepared across the business and be able to offer new products and services better suited to the low carbon opportunities presented.

Accordingly, we want 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 2°C scenario. In addition, we will seek to understand how climate related regulations at national and local levels might impact companies both positively and negatively. We will seek to incorporate climate risk assessment into our portfolio construction processes as appropriate.

Climate polices at a corporate level are visible and relatively easier to assess than many other ESG "metrics". Signals such as being a signatory to CDP or implementing Science Based Targets (SBT's) are powerful indications of intent by corporates. In addition, increasing numbers of companies are aligning themselves with climate related goals. In addition, there are reasonable sources of data to assess both portfolio level carbon intensity and individual stock contributions to assist research processes. Our goal is to review and monitor the carbon intensity of portfolios, focus on the major contributors and engage with those companies to understand the business context and what actions if any are being taken to address these issues. These analyses will be produced periodically for review by relevant portfolio managers and investment analysts.

Epoch has adopted the CDP Global Investor Statement (2018) as a signal of its commitment to incorporating climate issues into investing processes (see Appendix 3). Over time, we expect to formally broaden the range of environmental factors which are measurable and have real business impact that will be captured in this process.

Appendix 2: Additional Discussion Regarding Governance

Epoch believes that companies which are governed effectively will generate increasing shareholder value in the longer term. There are many different aspects to governance, including but not limited to: 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 less than 10 years. Every member of the board should stand for re-election no less than every three 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.

Appendix 3: CDP Climate Policy

2018 GLOBAL INVESTOR STATEMENT TO GOVERNMENTS ON CLIMATE CHANGE

This statement is signed by 421 investors representing well over USD $32 trillion in assets. As institutional investors with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge all governments to implement the actions that are needed to achieve the goals of the Agreement, with the utmost urgency.

Investors are taking action on climate change. The global shift to clean energy is underway, but much more needs to be done by governments to accelerate the low carbon transition and to improve the resilience of our economy, society and the financial system to climate risks. Investors continue to make significant investments into the low carbon transition across a range of asset classes. Investors are also increasingly incorporating climate change scenarios and climate risk management strategies into their investment processes and engaging with high-emitting companies. To build on this momentum and maintain investor confidence to further shift investment portfolios, it is vital that policy makers are firmly committed to achieving the goals of the Paris Agreement.

We are concerned that the implementation of the Paris Agreement is currently falling short of the agreed goal of “holding the increase in the global average temperature to well below 2°C above preindustrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” There is an ambition gap: the full implementation of current Nationally Determined Contributions (NDCs) would lead to an unacceptably high temperature increase that would cause substantial negative economic impacts. This ambition gap is of great concern to investors and needs to be addressed, with urgency. It is vital for our long-term planning and asset allocation decisions that governments work closely with investors to incorporate Paris-aligned climate scenarios into their policy frameworks and energy transition pathways.

In addition, investors need companies to report reliable and decision-useful climate-related financial information to price climate-related risks and opportunities effectively. That is why we welcome the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosure (TCFD) and are taking practical steps to assist their implementation around the world. For the TCFD to be effective, it is vital that governments commit to improve climate-related financial reporting standards by publicly supporting the adoption of the TCFD recommendations and the extension of its term beyond September 2018.

The countries and companies that lead in implementing the Paris Agreement and enacting strong climate and low carbon energy policies will see significant economic benefits and attract increased investment that will create jobs in industries of the future. To ensure a smooth and just transition to a low carbon economy and to adapt to the warming already locked in to the climate system, it will be important that the benefits of gaining access to cleaner energy sources are shared by all, and that those workers and communities affected by the transition are supported.

With these principles in mind, we call on global leaders to:

- Achieve the Paris Agreement’s goals
    - Update and strengthen nationally-determined contributions to meet the emissions reduction goal of the Paris Agreement, starting the process now in 2018 and completing it no later than 2020, and focusing swiftly on implementation

    - Formulate and communicate long-term emission reduction strategies in 2018
    - Align all climate-related policy frameworks holistically with the goals of the Paris Agreement
    - Support a just transition to a low carbon economy.
- Accelerate private sector investment into the low carbon transition
    - Incorporate Paris aligned climate scenarios into all relevant policy frameworks and energy transition pathways
    - Put a meaningful price on carbon
    - Phase out fossil fuel subsidies by set deadlines
    - Phase out thermal coal power worldwide by set deadlines.
- Commit to improve climate-related financial reporting
    - Publicly support the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the extension of its term
    - Commit to implement the TCFD recommendations in their jurisdictions, no later than 2020
    - Request the FSB incorporate the TCFD recommendations into its guidelines
    - Request international standard-setting bodies incorporate the TCFD recommendations into their standards.

We stand ready to work with government leaders in implementing these actions.

Appendix 4: United Nations Principles of Responsible Investing (UNPRI)

Epoch became a Signatory to the UNPRI in 2018. The Principles were developed by the investment community and reflect the view that environmental, social and corporate governance issues can affect the performance of investment portfolios and should be given consideration by investors if they are to fulfill their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices to better align their objectives with those of society at large.

The 6 Principles:

1 We will incorporate ESG issues into investment analysis and decision-making processes.

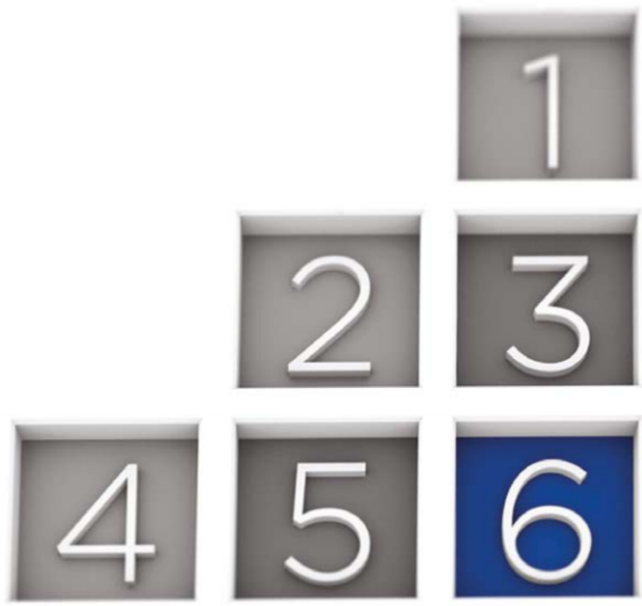
2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

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 each report on our activities and progress towards implementing the Principles.**



Source: https://www.unpri.org