

Causeway Capital Management LLC

ESG Policy

At Causeway, we believe that shareholder-friendly corporate governance and sustainable business practices have the potential to contribute positively to a company's performance over a full market cycle. As part of our investment processes, we consider material environmental, social and corporate governance (ESG) issues. In our evaluation of risk, we focus on ESG factors that may have a significant impact on a company's performance during our investment horizon. The research team as a whole is responsible for incorporating ESG analysis, both risks and opportunities, into our research process, and this function is not handled separately by an ESG team.

Causeway is dedicated to achieving the best possible risk adjusted returns for our clients. As such, we continuously strive to understand whether ESG issues are likely to impact the performance of companies in our clients' portfolios. ESG factors are inputs and not objectives. Our fundamental value equity process and our quantitative equity process each has its own investment approach to integrate ESG considerations into research and decision-making, as explained in more detail below. These approaches are based on an assessment of how ESG issues may affect the success of a company and its investment returns.

Our fundamental value equity and quantitative equity teams regularly collaborate regarding ESG considerations. We share our insights on ESG issues with clients and others in the investment community, and via our website we provide ESG thought-pieces reflecting our insights.

Causeway is a signatory to the United Nations Principles for Responsible Investment (UN PRI), a voluntary framework for incorporating ESG issues into investment decision-making and ownership practices.

Our Approach for Fundamental Value Equity

In Causeway's fundamental value equity strategies, we consider material ESG factors as part of a holistic bottom-up company analysis. We do not look to exclude companies or sectors from our investable universe, but rather we seek to analyze and monitor the ESG issues that may have a material impact on financial performance during our investment horizon. The relative importance of ESG factors on our investment decisions will depend on their potential significance to a business and its future returns.

As part of Causeway's in-depth research process, analysts assess industry and company fundamentals, including balance sheet strength and earnings growth. They also engage with company management to review these fundamentals, which may include ESG factors. Causeway recognizes that material ESG issues may prevent a company from satisfying a fundamental review process. In addition, Causeway understands that there may be lower operational and reputational risks for companies that have positive ESG practices. Portfolio managers and research analysts will incorporate material ESG issues when establishing share price targets for companies in their bottom-up, fundamental analysis.

ESG factors are reviewed by specific sector research groups, or “clusters,” at Causeway. This involves oversight by both portfolio managers and research analysts. On a weekly basis, Causeway’s quantitative equity team provides ESG data and analysis to the clusters for their use as an additional input when analyzing companies. The evaluation of E, S and G factors depends on the country, industry, company and management we are assessing, and company reviews may include ESG factors alongside traditional financial indicators at different stages of the research process.

Research analysts assign a corporate governance or G score to all companies considered for investment. To assist in G scoring, Causeway has developed a proprietary assessment framework that evaluates and assigns a quantitative score to companies based on a number of bottom-up and top-down corporate governance measures. The assessment framework is implemented through a proprietary desktop application that allows fundamental analysts to combine their latest firm-specific knowledge with quantitative archival inputs in order to generate final G scores.

The emphasis on ESG factors depends on the importance of these factors to the relevant sector and unique circumstances of a company. For example, ESG factors involving carbon emissions and health and safety records will be given more emphasis in our Energy cluster, and ESG factors involving data privacy and systemic risk will be given more emphasis in our Financials cluster. Based on ESG criteria developed by each of our research clusters, these factors are considered along with other relevant factors to determine a holistic assessment of a company.

We assess ESG issues based on their impact to the operations and valuation of a business. Negative ESG issues may lead to unwarranted share price declines. Positive ESG issues may be unappreciated for their long term impact on a company. As part of our fundamental review of a company, we review ESG issues as they present both risks and opportunities in the short, medium, and long term.

Absent client-mandated exclusions, we do not use ESG factors to automatically screen out investments in a company. Rather, poor ESG factors can be offset by other positive investment attributes. At times, we may invest in a company with negative ESG attributes and seek to engage the company in dialogue regarding, among other topics, its ESG practices.

Our Approach for Quantitative Equity

As part of Causeway’s investment process for its quantitatively managed emerging markets and international small cap strategies, we use a proprietary corporate governance assessment score that ranks companies in the developed and emerging markets based on a number of bottom-up and top-down corporate governance measures. The ranking is used as a negative screening indicator and highlights stocks that should be considered for omission from the investable universe or trimming or sale from the portfolio. In addition, Causeway uses a governance factor as a top-down alpha indicator in the firm’s international small cap strategy. Quantitatively-managed portfolios include a review by our fundamental research team, which may include the assessment of material company-specific ESG issues.

Proxy Voting and Engagement

For many clients, Causeway has proxy voting authority for portfolio holdings. Causeway has written Proxy Voting Policies and Procedures pursuant to which Causeway supports shareholder-friendly corporate governance policies and initiatives. Causeway applies these principles to both our fundamental value and quantitative equity strategies.

In addition, for our fundamental value equity strategies, Causeway regularly engages with company management regarding determinants affecting valuation, including, but not limited to, ESG issues. From time to time, Causeway will also communicate with company boards and/or management advocating for improved corporate governance and capital management. These engagements occur with a belief that our advocacy may lead to improvements in both the way businesses are managed, and the underlying value of our clients' interests in the company.

Causeway generally believes that engagement with companies regarding ESG issues is appropriate and prefers constructive engagement over negative screening in our fundamental value strategies. However, we can accommodate and apply negative screens on an account-by-account basis upon client request and provision of a restricted list or objective, measurable criteria.

Dated: September 16, 2016

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