WELLS FARGO ASSET MANAGEMENT

Wells Capital Management

ESG Policy & Process

Updated March 2018

1. Overview and Philosophy

Through our independent and specialized investment teams, Wells Fargo Asset Management ("WFAM")[1] brings together a strategic balance of investment capabilities to serve the investment needs of our clients worldwide: institutions, intermediaries, and individuals. We understand Environmental, Social, and Governance (ESG) issues are important considerations among many that should be incorporated by our investment teams within their evaluation and decision-making processes. We believe that ESG issues can have an impact on investment performance and have financial consequences; likewise, we believe that a better understanding of ESG risk factors can help protect against downside risk and contribute to long term risk-adjusted returns. As such, WFAM integrates ESG research into our overall fundamental analysis.

We believe understanding the potential impact arising from ESG issues is an essential step to better understanding investment outcomes in a rapidly changing world. Changing consumer preferences, increasing costs from externalities (such as resource use or climate change), and the emerging regulations addressing these issues are increasingly changing behavior of the markets we operate in. With our strong foundation in active management and over 500 investment professionals contributing deep research capabilities and investment expertise, we are well placed to identify and analyze material ESG issues. By considering ESG as an important element of investment performance, we are able to consider a broad range of relevant risk factors and generate returns as the market increasingly reacts, while aligning our investment outlook and strategies to the new norms of a changing world.

We also understand that incorporating ESG can help align investment strategies with a broad range of diverse values. Ultimately, our focus is on delivering investment outcomes that meet our clients' needs, including alignment with the priorities and values that matter most to them. Our specific approach to ESG is therefore differentiated and determined by the unique requirements of each client; we believe in providing holistic ESG investment solutions and our objective is to provide the tailored solutions that provide alignment with values, meet financial goals, and generate positive investment outcomes.

We are committed to the following principles that underlie our investment beliefs regarding ESG:

1. **Strategic client relationships:** Through a client-centric approach, we initiate conversations with our clients to better understand their needs and then seek to achieve alignment with their ESG objectives through the development and implementation of appropriate investment strategies.
2. **Independent investment teams:** We believe that an organization of independent and specialized investment teams is the optimal structure to achieve consistent outperformance and risk-adjusted returns. Our portfolio management and research teams integrate ESG considerations into their analyses and decision-making processes where they believe these issues may affect the success of an investment.
3. **Independent risk management:** As active managers, we believe that companies that perform poorly on ESG demonstrate higher downside risk that is unrewarded in achieving long-term risk adjusted returns. To empower our investment teams, we incorporate ESG research and analysis into our independent risk management functions, providing proprietary tools and services that help investment managers better understand the ESG risk profiles of investments.
4. **Stewardship:** We believe stewardship goes hand-in-hand with our commitment to integrate ESG into our investment process. The goal of our stewardship activities – engaging with company managements and voting proxies on our clients' behalf – is critical to our ability as an active manager to have a voice and exercise ownership rights to affect corporate activities, policies and behaviors that impact attractive, long-term, risk-adjusted returns.

Ultimately, considering ESG in our investment strategies contributes to our number one priority: generating positive investment outcomes for our clients.

[1] Wells Fargo Asset Management (WFAM) is a trade name used by the asset management businesses of Wells Fargo & Company. For the purposes of this policy, the WFAM asset management entities that are covered include Wells Capital Management Inc., Wells Fargo Asset Management International, LLC; ECM Asset Management Ltd.; and Analytic Investors, LLC. Galliard Capital Management, Inc. and The Rock Creek Group, LP are not covered by this policy.

2. Our investment approach to ESG

We believe ESG investing is investing in a better future.

Our primary focus is on generating positive outcomes for our clients. For us, strong ESG practices can be seen as good business practices; we believe that by integrating ESG approaches with clients' unique values we can improve investment outcomes for a better future, together.

In terms of different ESG investment approaches, we identify investor motivations and align our approach to address them. Underpinning our ESG investment approaches are two foundational commitments: WFAM Stewardship and ESG Risk Management.

Investor motivations	"Investing in a changing world"	"Investing in the world I believe in"
WFAM ESG approach	**ESG integration** Incorporating material ESG considerations to gain additional insight into the risk and opportunities that can affect the performance of an investment with the aim of providing better risk-adjusted returns	**Values-alignment** Seeking to ensure investments are aligned with client values. Methods can include negative screening (exclusions), norms-based screening, and positive screening on E,S,G scores/metrics to arrive at desired ESG characteristics
ESG Foundation	WFAM Stewardship	
	WFAM ESG Risk Management	

Stewardship refers to our firm-wide platform to impel investee companies through activities such as engagement and proxy voting in making positive changes on ESG issues to promote long-term value creation and/or mitigate risk.

We also have established that ESG risk oversight is an important role of senior investment leadership and ESG Risk Management is part of our firm-wide risk platform executed by our Portfolio Risk Management and Analytics (PRMA) and overseen by the Office of the CIO. This dedicated team and function provides proprietary tools to identify significant risks related to ESG issues across all strategies and at the aggregate level.

3. Commitment to best practices & involvement with industry initiatives

In relation to industry initiatives, our approach to ESG places a large amount of value on understanding best practices and contributing our expertise to developing evolving standards around ESG. We are developing close partnerships with leading industry associations, disclosures and standards bodies, and non-profit organizations to help lead and drive the latest approaches to the integration of ESG in financial strategies and processes.

This includes:

1. **Principles for Responsible Investment.** In 2015, Wells Capital Management ("the firm"[2] throughout the remainder of this document), the largest asset manager within WFAM, became a signatory of the Principles for Responsible Investment (PRI), where we have committed to implementing six Principles related to the integration of ESG. Beyond our commitment to integrating ESG and publicly reporting on our progress, we are actively contributing to the work of the PRI to help investment professionals across the industry increase their sophistication to ESG. Examples of this include contributing our investment expertise through our involvement in the PRI Fixed Income Advisory Committee and broadening our collaborative efforts by working with the PRI to bring together investment professionals to discuss and learn from the latest industry trends in events.
2. **Sustainability Accounting Standards Board.** The Sustainability Accounting Standards Board (SASB) is an organization dedicated to supporting the disclosure of material sustainability information across sectors in a decision-useful way. At SASB we are represented on both the Standards Board (accountable for the due process, outcomes, and ratification

[2] Wells Capital Management is a registered investment adviser and a wholly owned subsidiary of Wells Fargo Asset Management Holdings, LLC. As the PRI signatory, Wells Capital Management reports data for Wells Capital Management Inc., Wells Fargo Asset Management International, LLC; ECM Asset Management Ltd.; and Analytic Investors, LLC.

of the standards) and the Investor Advisory Group (comprising of leading asset owners and asset managers who are committed to improving the quality and comparability of sustainability-related disclosure to investors). Furthermore, we have contributed the expertise of our investment professionals across the development of the standards themselves.

3. **Japan's Stewardship Code.** The firm has been a signatory to Japan's Stewardship Code since February 2017. Also known as Principles for Responsible Institutional Investors, the goal of the code is to promote sustainable growth of companies through investment and dialogue. The firm is fully committed to supporting each of the principles of the Japan Stewardship Code.
4. **Ceres.** We are Investor Network Members at Ceres, a sustainability nonprofit working with influential investors and companies to tackle the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses.
5. **CDP.** We are investor signatories to CDP (formerly known as the Carbon Disclosure Project). The CDP runs a global disclosure system and have built the most comprehensive collection of self-reported environmental data in the world.

4. ESG integration

A. Dedicated team

ESG investing has been identified by senior leadership as one of our strategic initiatives. In 2017, significant progress toward this strategic initiative was made with the formation of a dedicated ESG team. This dedicated ESG team is focused on establishing a deeper understanding of client needs and building holistic, cross-functional expertise to focus on delivering ESG solutions.

The dedicated ESG team works with other ESG partners across the Wells Fargo enterprise to deliver a holistic, solutions-oriented approach across a wide range of asset classes and ESG approaches. This holistic approach is focused on delivering on stakeholder management and communication, advising on investment policy and mandate guidelines, generating proprietary ESG research and new product development, stewardship, and thought leadership. We are committed to continuing to add resources to ESG as an important strategic segment of our business in order to support our clients' ESG needs.

B. ESG integration: risk

We believe an organization of diverse and independent investment teams is the optimal structure to achieve consistent outperformance and risk-adjusted returns across different strategies and asset classes for our clients. Each investment team may integrate ESG into their investment process differently to ensure a strong fit into their strategies; however, recognizing that ESG issues can represent significant portfolio risk factors, our firm's Portfolio Risk Management and Analytics (PRMA) team provides a consistent framework for ESG risk reporting and analytics.

Using third party ESG data, the PRMA team supplements the independent investment teams' fundamental research with a number of ex-ante and ex-post tools and reports based on a proprietary flagging system that highlights the most significant ESG risks at both the security and portfolio levels. Additionally, an ESG alerts system is in place to notify investment teams of developing ESG-related issues that may have a large impact on specific companies or industries.

The ESG resources provided by PRMA are intended to act as a catalyst to drive additional research and/or company engagement. As such, the responsibility for ESG integration is a partnership between the PRMA team and each of our 29 independent investment teams, each of which has nominated an ESG Liaison to facilitate open communications channels across the investment organization.

C. Monitoring and oversight

The firm has established that ESG risk oversight is an important role of senior investment leadership and we have built that into our longstanding risk review meetings. On a monthly basis, significant product specific benchmark-relative ESG exposures as well as the firm's most significant exposures to securities with poor overall ESG scores are reviewed with the Office of the CIO. This ESG review process is also conducted on a monthly basis with each of our investment teams on their strategies, which leads to a constructive dialogue on the ESG exposures, risks, and dynamics of ESG issues over time.

D. Stewardship

We believe stewardship goes hand-in-hand with our commitment to integrate ESG into our investment process. The goal of our stewardship activities – engaging with company managements and voting proxies on our clients' behalf – is critical to our ability as an active manager to have a voice and exercise ownership rights to affect corporate activities, policies and behaviors that impact attractive, long-term, risk-adjusted returns. Our investment teams engage with companies in the course of conducting extensive independent fundamental research, most of it through direct contact with company management teams on a range of issues, including ESG issues.

E. Across asset classes

We incorporate ESG factors into our investment processes across asset classes and investment styles. While it is widely agreed that ESG approaches and integration strategies are generally developed within the listed equity asset class, our team of sophisticated investors is able to understand and deploy advances in the latest in ESG thinking within a holistic cross-asset class approach.

Our expertise in fixed income, factor-based, and quantitative strategies means we are able to leverage the latest in ESG developments to generate value and contribute to better long-term risk adjusted returns across an entire spectrum of investment approaches and asset classes. This allows us to develop the sophisticated strategies and solutions suites that can be used to generate the outcomes – both financial and otherwise – that are being looked for through the consideration of ESG issues.

Listed below are several examples of asset-class specific ESG integration procedures.

i. Fixed income: ESG integration provides a way to better understand risk and our analysts have long considered ESG issues as part of ex-ante fundamental credit research – in particular governance issues. Where available, external ESG data is integrated within investment analysis and used as an input for investment decisions. Additionally, through our Global Credit Research platform, internal research analysts and investment professionals are able to leverage the deep ESG expertise across the organization. For example:

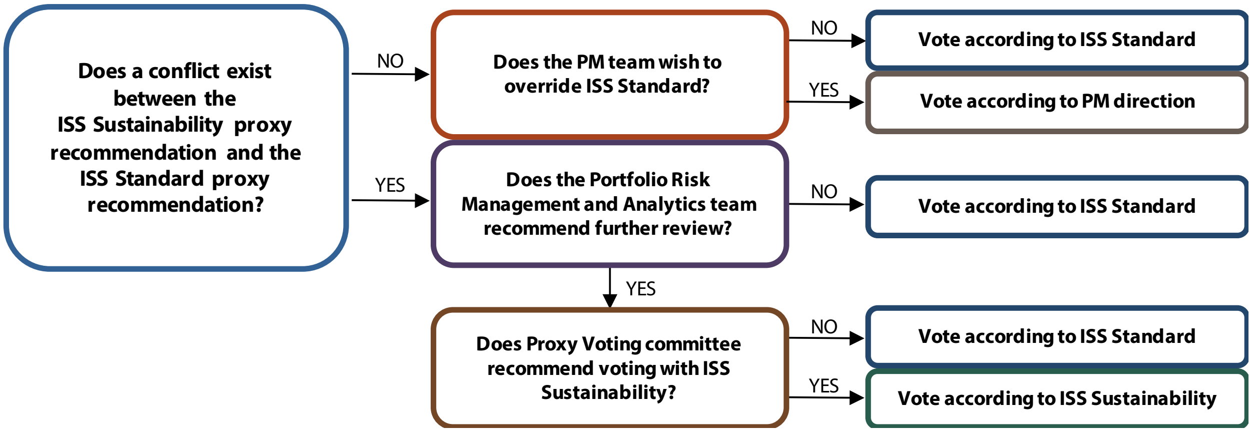
- Taxable Fixed Income ESG Centralized Research System: the proprietary GRID system stores and shares research notes gathered by the taxable fixed income centralized research team. Research analysts gather ESG data through a combination of MSCI ESG Research, Bloomberg ESG Research, company financial statements, and company engagement.
- Municipal Fixed Income ESG Centralized Research System: the municipal global credit research team relies exclusively on primary ESG research and engagement. Information is stored in a shared location with municipal investment teams.

ii. Quantitative: Understanding that incorporating ESG issues can provide a valuable risk signal, ESG rankings have been included within proprietary stock-specific risk forecasts since 2013. Similar to other forward-looking risk factors, as a company becomes more risky from an ESG perspective its weight will be systematically reduced in the portfolio.

iii. Listed equity: The firm has integrated ESG factors into the proxy voting process (further details can be found in the firm's Form ADV Part 2).

We subscribe to the ISS Standard Guidelines, the ISS Sustainability Guidelines and the ISS Taft Hartley Guidelines. The ISS Sustainability Guidelines are proxy voting guidelines that, on matters of social and environmental importance, seek to reflect a broad consensus of the socially responsible investing community. In addition, ISS's Sustainability Policy seeks to promote support for recognized global governing bodies encouraging sustainable business practices advocating for stewardship of environment, fair labor practices, non-discrimination, and the protection of human rights.

On a weekly basis, the firm's Proxy Voting administrator presents to portfolio managers a list of proxy ballots requiring upcoming votes. In addition to the ballot, the portfolio managers are provided ISS' voting recommendations. If a portfolio manager has a voting preference it will be honored. If there is no portfolio manager voting preference and a conflict exists between ISS' Standard and Sustainability recommendations, the conflict will be brought to the PRMA team for further review. If the issue is determined to be material, it is brought to a Proxy Voting committee discussion and a final vote. See the following diagram for ESG proxy voting process:



Unlike PM-driven vote changes (which can have a split vote across strategies), we allow split voting on ESG issues only when a client has established custom proxy guidelines.

F. Avoiding conflicts of interest

The firm has policies and procedures to manage and mitigate the risks of potential or perceived conflicts of interests. As a registered investment adviser, the firm has fiduciary responsibilities to act in the best interests of its clients. Such duties include: reasonable and independent basis for its investment advice, seeking best price execution for clients' securities transactions, ensuring that the investment advice is suitable to the client's objectives, and refraining from engaging in personal securities transactions inconsistent with client interests. To minimize any potential client investment conflicts, the firm manages its advisory services, fee structure, proxy voting, and investment selection process in accordance with pre-established client investment guidelines, the advisory contract with the client, and all applicable policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act. The firm has a fiduciary responsibility to manage all client accounts in a fair and equitable manner. It seeks to provide best execution of all securities transactions and aggregate and allocate securities to client accounts in a fair and timely manner. To this end, the firm has developed policies and procedures designed to mitigate and manage the potential conflicts of interest that may arise, including from side-by-side management. In addition, the firm has adopted policies limiting the circumstances under which cross-trades may be affected between the portfolio and another client account. The firm conducts periodic reviews of trades for consistency with these policies. Further, the firm discloses all identified potential conflicts of interest within its Form ADV Part 2A.

G. Client reporting

As an extension of ESG integration across our entire firm, we offer clients ESG risk and analytic reporting on their portfolio. Ultimately, our focus is on delivering investment outcomes that meet our clients' needs, including alignment with the priorities and values that matter most to them. Our specific approach to ESG is therefore differentiated and determined by the unique requirements of each client; we believe in providing holistic ESG investment solutions and our objective is to provide the tailored solutions that provide alignment with values, meet financial goals, and generate positive investment outcomes.

H. PRI Working Group

The firm formed a PRI Working Group that consists of various business units that support our PRI signatory status across the organization, including Investment Management, Compliance, PRMA, Operations, and Institutional Product Management. The PRI Working Group meets regularly to discuss communication, strategy, implementation, thought leadership around ESG and the PRI status. The team shares responsibilities for attending industry events, conducting ESG educational events, and evaluating emerging ESG opportunities.

As a signatory to the PRI, the firm is required to complete the annual reporting process. The reporting framework acts as a tool to keep signatories accountable through a standardized tool that also allows us to demonstrate how we are embodying the six principles for responsible investment. The PRI Working Group is collectively responsible for submitting this report.