

**Sanderson Asset Management Limited**  
**UK Stewardship Code Statement**

The UK Stewardship Code was established by the Financial Reporting Council in 2010 and outlines a series of benchmarks in the UK for institutional investors to meet with respect to their holdings in UK equity securities. This document describes how Sanderson Asset Management Limited (“SAM”) has applied the principles of the UK Stewardship Code with respect to its investments in both UK and non-UK equity securities. SAM considers it to be most important to recognise the fiduciary responsibility it assumes as investment manager when acting for its Clients. SAM recognises the need to engage with the management and directors of its portfolio companies and exercise its proxy voting rights with a view to enhancing its Clients’ long term investment values. These are both compatible with good corporate governance and provide the best operating environment for portfolio companies to cope with competitive commercial pressures.

**Principle 1 - An investment firm must publicly disclose their proxy voting and corporate governance policies and how they will discharge their stewardship responsibility.**

In the following paragraphs, SAM has outlined its Proxy Voting Policy and Procedures, as well as its Environment, Social and Governance Policy. SAM actively monitors and, where it is deemed appropriate, engages in dialogue with the companies it invests in for its Clients. These discussions may take place with management and/or at board level. The theme of both documents is that active ownership – in the form of rigorous and long-term oriented analysis of investment prospects and holdings, proactive exercise of shareholder rights, and constructive engagement with boards and management – can improve discipline, accountability, and long-term returns to shareholders.

*Proxy Voting Policy and Procedures*

SAM considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its privately offered commingled funds and separate account clients (collectively defined as “Clients”) to recognize the fiduciary responsibility it assumes in acting as investment manager. SAM also recognizes the need to exercise its proxy voting obligations with a view to enhancing the Clients’ long term investment values. SAM believes that both are generally compatible with good corporate governance as this generally provides the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. To help achieve its objective, it is SAM’s policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of its Clients.

Standard issues typically arise at Annual General Meetings (“AGMs”) or Ordinary General Meetings (“OGMs”). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, election of directors and approval of directors’ fees, election of auditors and approval of audit fees and declaration of dividends.

Material issues may arise at Extraordinary General Meetings (“EGMs”), Special General Meetings (“SGMs”), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company’s country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option and management compensation or incentive plan issues; and social and corporate responsibility considerations. SAM also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present. These situations can arise where SAM manages a portfolio company’s U.S. retirement plan assets, a portfolio company or one of its affiliates is also a brokerage counterparty to a Client’s security or foreign currency transaction, or where the person overseeing investments at a client that is invested in one of SAM’s privately offered commingled funds is also a director or officer of a portfolio company that would materially benefit from any executive compensation or incentive scheme subject to shareholder vote. Please

note, however, that SAM may not be aware of the roles performed for portfolio companies by underlying investors in the commingled funds. Investors are requested to notify SAM of any known affiliations with publicly traded companies that could fall within SAM's investment universe. Investors are also requested to notify SAM if they are actively involved in the financial services industry or affiliated or employed by an investment bank, broker/dealer, custodian or asset management firm.

The Clients' custodians ("Custodian") have outsourced certain of their proxy voting responsibilities to either Institutional Shareholder Services ("ISS") or Broadridge, leading providers of proxy voting and corporate governance services. ISS / Broadridge provide SAM with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, power of attorney maintenance, recordkeeping and custom reports, and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between the Custodian and ISS/Broadridge and one in place between the Custodian and SAM.

Following receipt of proxy voting materials from ISS / Broadridge, SAM's staff gives a "Proxy Voting Summary Form" of the issues to a member of SAM's portfolio managers for review. The form includes the details of the number of shares held by a Client and a deadline for the response. If only standard issues are included on the proxy, the portfolio manager will decide on how to vote the proxy and sign the proxy voting summary form. If material issues are included, enhanced procedures apply. The portfolio manager will discuss the issues with a second portfolio manager, assess the potential impact that the issues may have on the portfolio company, and decide on how to vote the proxy in question. Both of the portfolio managers will then sign the proxy voting summary form. Once approved, staff for SAM will process the proxy vote electronically using ISS's / Broadridge's proprietary system. A second staff member will verify the input.

In certain circumstances, SAM may be unable to vote a specific proxy including (but not limited to) when the Custodian or ISS / Broadridge does not provide a voting service in a given market, because the Custodian or its agent, in error, does not process a proxy or provide sufficient notice of a vote, or because an error is committed by any party involved in the proxy voting or registration process. SAM may also refrain from voting if it is considering liquidating a position (as shares may be blocked when proxies are submitted), where the costs of voting a specific proxy outweigh the economic benefit that SAM believes would be derived by the Client, where a specific class of shares does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the shares into the Client's (rather than the Custodian nominee's) name may (or may reasonably be expected to) result in a violation of local privacy laws or adversely impact the Client's economic interests.

Clients are advised that when voting proxies in certain international markets, SAM may be constrained by certain country or portfolio company specific issues. For example, some companies in the portfolio may impose voting caps on the maximum number of proxy votes that any single outside shareholder may control. Others require all board issues to be resolved by a show of hands, rather than a poll. As the majority of SAM's client shares are held by one nominee, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict investment managers (such as SAM) from voting proxies where disclosures of Client holdings or securities under SAM's control have not been made on a timely basis or in a format required under their articles of incorporation.

Investors may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting SAM's Client Services representatives and asking to be included on the quarterly proxy voting distribution list.

### *Environmental, Social and Governance Policy*

SAM has found that the frequency of queries on environmental, social and governance issues has increased as the public has been provided with information on climate change, whether through reports of new temperature records, extreme weather events, or the disappearing habitat of various animals. SAM has found that many of its investors that are colleges, universities and/or private

charities also maintain a list of securities of restricted companies operating in certain industries or economic sectors from which they would like their investment managers to divest. SAM's policy is to respond to any inquiries that it receives on environmental, social or other governance matters. SAM has not, however, agreed to dispose of any existing holdings or refrain from purchasing other securities that may meet its valuation and quality criteria.

SAM's investment decisions are based primarily on business and financial considerations. SAM also takes into account political, environmental and social issues if these are likely to have a material impact on a company's present or future financial position or cash flows or conflict with SAM's ability to manage and develop Client investments. This approach enables SAM to take into consideration all appropriate risks, to make a balanced judgment on the investment opportunity and act in the best interest of all Clients. SAM recognises that there are many political, environmental or social issues about which investors feel strongly, but SAM is obliged to act in the overall interests of all Clients. Investors may not share the same view or may hold opposing views on the same issue.

At SAM, a prime concern is the recurring free cash flows that can come from any portfolio investment. Investments that depend on unsustainable business practices are likely to fall outside its quality criteria. As a result, SAM would regard businesses that used enforced labour, child labour, uneconomic wage rates, and/or unsafe or harmful business practices (such as polluting or harming the environment), for example, as not being sustainable in perpetuity, suffering from falling rates of returns, leading to decreased normalised earnings. These types of companies make unlikely investment candidates. SAM views the issue of companies operating in industries or countries that may have poor environmental or social safeguards as being another uncertainty which the companies it invests in have to cope with.

As an investment manager, SAM wants to be aware of how and where its investee companies operate. However, SAM recognises that ultimately the decision to operate legally, either directly or indirectly, in an unpopular jurisdiction or industry, to deal with difficult political environments or unfriendly regimes in different regions around the world, the implementation of a business plan, and the reputational risk involved, lies with the management of a company. These are important issues, but important alongside many others – product positioning, financing, sustainability of cash flows, competitive threats, advertising and promotion, human resources, corporate governance and so on. In the end, these are all the responsibility of management, although they remain of significant interest to SAM as portfolio managers. In summary, the possibility that a portfolio company may legally operate in a given industry, country or region does not cause a change in SAM's investment process.

SAM expects that appropriate legal, governmental and other authorities around the world will take responsibility for addressing political, environmental and social matters fairly and wisely on behalf of their citizens. Accordingly, SAM strictly adheres to the laws of the countries in which it does business and follows rules and regulations applied by official agencies in those countries. SAM also expects that the companies in which it invests will do the same – and SAM pays close regard to their record in this respect.

**Principle 2 - An investment firm must have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.**

SAM recognises the importance of identifying potential material conflicts of interest inherent in its business and the need to have adequate systems and controls to avoid or mitigate their impact on Clients. As noted in the above Proxy Voting Policy, SAM has developed a policy for managing conflicts of interest associated with voting proxies and engaging with companies it invests in. SAM has outlined additional procedures in its internal compliance procedures.

**Principle 3 - An investment firm must monitor their investee companies with respect to material issues, which may include matters related to executive remuneration and to acquisitions.**

As noted in the Proxy Voting Policy and Procedures and Environmental, Social and Governance Policy, SAM takes an active approach to share ownership rights and responsibilities.

- SAM monitors the companies in which it invests and, where appropriate, will communicate its views to the management and/or boards of these companies when it has concerns. This dialogue allows SAM to monitor the development of companies' businesses, including areas such as overall strategy, business planning and delivery of objectives, capital structure, proposed acquisitions or disposals, corporate responsibility and corporate governance.
- SAM seeks to satisfy itself, to the extent reasonably practicable, that the investee company's board and committee structures are effective, and that independent directors provide adequate oversight. SAM's monitoring of investee company strategy, operational, governance and management performance and capital allocation is integral to its investment process;
- SAM monitors the effectiveness of its engagement with the managements and boards of investee companies. SAM's historic communications, and the success of such communications, will play a part in its proxy voting decisions;
- SAM votes the vast majority of its Clients' investments by proxy. However, SAM will, in exceptional circumstances, attend meetings where it has large holdings and/or where a problematic issue is being discussed. SAM will introduce AGM and/or EGM motions where it believes it is in the best interest of its Clients to do so. SAM will attend meetings in person rather than vote by proxy if it believes that this is reasonably necessary to fulfil its fiduciary responsibilities to its Clients;
- In the unlikely event that SAM is made an insider, SAM follows its internal compliance procedures governing market abuse and insider dealing; and,
- In accordance with applicable law and its internal document retention policies, SAM keeps electronic records of material engagements, voting and other corporate governance and corporate responsibility activities, including the rationale for voting decisions.

**Principle 4 - An investment firm must have guidelines on how they will escalate their activities.**

SAM prefers to have confidential and private discussions with companies as it believes that this enables SAM to build an effective relationship with boards and management. However, where it is necessary to protect its Client investments, SAM will consider engaging in more public communications and/or proxy activities. This may include voting against the management or board of an investee company or a given motion, issuing a press release documenting its opposition to a given issue, recommending to other shareholders that they take a specific action, introducing AGM and/or EGM motions and/or attending meetings in person.

**Principle 5 - An investment firm must be willing to act collectively with other investors.**

Subject to regulatory restrictions, conflicts of interest and acting in concert restrictions, and where it is in the best interests of its Clients to do so, SAM will participate in collaborative engagement activities. These are considered on a case by case basis and addressed in the context of the economic environment and other business issues.

**Principle 6 - An investment firm must have a clear policy on voting and the disclosure of voting activity.**

SAM has documented its Proxy Voting Policy and published it earlier in this statement. Investors may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting SAM's Client Services representatives and asking to be included

on the quarterly proxy voting distribution list. SAM does not provide other third parties with information on how it has voted client proxies.

**Principle 7 - An investment firm must periodically report to clients on its stewardship and voting activities.**

As mentioned in Principle 6, investors may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting SAM's Client Services representatives and asking to be included on the quarterly proxy voting distribution list. SAM does not subject its proxy voting systems and/or procedures to review by its auditors or any independent third parties.

Questions on this UK Stewardship Code Statement, Proxy Voting Policy and/or Environmental, Social and Governance Policy should be referred to SAM's Compliance Manager, James Longbottom at [jlongbottom@sandersonam.com](mailto:jlongbottom@sandersonam.com).