SANDERSON
ASSET MANAGEMENT

STEWARDSHIP AND SHAREHOLDER ENGAGEMENT
INFORMATION SUMMARY

Sanderson Asset Management LLP ("**Sanderson**") aims to provide strong investment returns and excellent service to its investors and sees a considered approach to stewardship and shareholder engagement as an integral part of this. Sanderson recognises the need to engage with the management and directors of its portfolio companies and to exercise its proxy voting rights with a view to enhancing its clients' long-term investment values. It is Sanderson's opinion that these objectives support good corporate governance and provide the best operating environment for its portfolio companies to cope with competitive commercial pressures.

This document describes how Sanderson engages with the management of current and potential portfolio companies on governance and related issues by reference to the principles set out in the Financial Reporting Council's UK Stewardship Code 2020. The Stewardship Code is a voluntary code which sets out a number of principles relating to engagement by investors with UK issuers. Jurisdictional differences and concerns over public disclosure mean that Sanderson has opted not to make itself a formal signatory to the Code, but it remains broadly supportive of its principles and objectives as set out herein

Principle 1 – Signatories' purposes, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Investment Beliefs

Sanderson is a value manager and aims to grow the value of its portfolio investments over the long-term. As such, the core objectives of Sanderson's investment programme have a strong natural alignment with the positive outcomes which may be achieved through stewardship and good corporate governance.

Investment Research

Sanderson's substantive analysis of any current or potential portfolio company includes an assessment of its management. Corporate governance considerations may be included within this assessment, if deemed relevant. To this end, whilst governance and related issues do not always form a documented part of Sanderson's investment process, it recognises the material impact that such issues may have on the companies that it chooses to invest in. This flexible approach enables Sanderson to give full consideration to stewardship-related risks in respect of any investment opportunity and enables it to act in the best interests of all of its privately offered commingled funds and separate accounts (Sanderson's "**Clients**").

Research Monitoring

Sanderson's investment approach is based on fundamental analysis, which involves building and maintaining a detailed knowledge of individual companies, including through meetings and calls, analysis of published company reports, announcements and circulars and broader internal and external research and data. As such, Sanderson's monitoring of investee company strategy, operational, governance and management performance and capital allocation is integral to its investment process. Specifically in relation to corporate governance, Sanderson generally seeks to satisfy itself, to the extent reasonably practicable, that the investee company's board and committee structures are effective, that independent directors provide adequate oversight and that, in general terms, the company has responded appropriately to any identified corporate governance issues. As part of this process and as described below in relation to company meetings, Sanderson will, where appropriate, communicate its views to the management and/or boards of these companies when it has concerns.

Principle 2 – Signatories' governance, resources and incentives support stewardship.

Governance and Incentives

Sanderson is a privately owned, independent partnership and has specifically structured its business to ensure that its interests and the interests of its staff are aligned as closely as possible with those of its Clients. This is achieved by, for example, staff remuneration practices, which look to the long-term success of the business in accordance with the value approach set out above, and through ownership interests which are controlled via a formal Financial Alignment Policy applicable to all staff.

Internal Resources and Experience

Sanderson's Investment Team has significant experience in the firm's investment style and practice, as well as a variety of governance and engagement issues which have arisen over time and in relation to its portfolio. Sanderson's Investment Team members have areas of expertise across a range of different sectors. This breadth of experience helps each member to decide what is appropriate in terms of monitoring and engagement on governance issues for a particular company. The approach taken in any given situation will reflect Sanderson's view of the current and future prospects of the company, whether there are specific issues to address and the stock's current and likely future position in a portfolio

In accordance with the team approach adopted by Sanderson's investment function, material issues and developments in relation to portfolio companies will typically be presented to and interrogated by the Investment Team as a whole. This approach ensures that the experience obtained from previous engagement activity can be effectively leveraged.

External Resources

Those external resources which Sanderson utilises on a regular basis are described in the Proxy Voting Policy at Appendix 1. These service providers typically supply Sanderson 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. Please note that Sanderson does not outsource any part of its investment research or decision-making process.

Principle 3 – Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Sanderson implements just one investment programme for all of its Clients. As described above, it also has a governance structure which is designed to reduce conflicts and increase staff alignment with the business and its investment programme. This in itself reduces the conflicts of interest faced by Sanderson, as compared to larger and more complex financial services firms, but Sanderson is clear that it does not eliminate the risk of conflicts entirely and further mitigation measures are described below.

Conflicts of Interest

Sanderson maintains an inventory of the actual or potential conflicts of interest to which it may be subject. This includes key conflicts which may impact on the ability or motivation for a Portfolio Manager to focus on governance issues for the companies which are in Sanderson's portfolio or which it is monitoring e.g. staff personal account dealing or outside business interests. Sanderson has implemented robust controls and procedures to manage these potential conflicts. These controls and procedures are described in Sanderson's Compliance Manual and tested at least annually as part of Sanderson's compliance monitoring programme.

Proxy Voting Policy

Further to the above, Sanderson also maintains a formal Proxy Voting Policy, attached at Appendix 1. This policy describes some of the more complex and specific conflict scenarios that might arise in relation to proxy voting. For example, where:

- a portfolio company's retirement plan assets are invested in one of Sanderson's privately offered commingled funds or separate accounts;

- a portfolio company or one of its affiliated entities is also a security or foreign exchange brokerage counterparty to one of Sanderson's privately offered commingled funds or accounts; or

- where the person responsible for overseeing investments for an investor in one of Sanderson's commingled funds or accounts 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.

Sanderson's policy requires that proxy voting matters which are affected by any such potential conflict or which raise particular corporate governance concerns be designated as "material". Material proxy voting actions are subject to additional controls, including review and sign off by two Portfolio Managers. Sanderson's policy on proxy voting is also included within its Compliance Manual, which is updated and subject to management approval on at least an annual basis. The policy is also distributed to all Sanderson's investors on an annual basis and Sanderson will provide a copy of its Compliance Manual to any investor upon request.

Inside Information

Sanderson does not envisage a scenario in which it would wish to be made an insider or to obtain, without prior consent, any information which may affect its ability to deal in the securities of a company. All Sanderson staff are provided with relevant training on this on an annual basis. In the unlikely event that Sanderson is made an insider by accident or mistake, it has appropriate internal controls to address this and meet all the relevant regulatory requirements.

Principle 4 – Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Sanderson employs a bottom-up stock selection process which considers known risk factors within the overall objective of creating long-term value. This is further described in the Environmental, Social and Governance Policy ("**ESG Policy**") included at Appendix 2.

Principle 5 – Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Internal Assurance

Sanderson reviews and, as necessary, updates its internal Key Operating Procedures, ESG Policy and this Summary ordinarily on an annual basis. The team approach followed by Sanderson's investment function is itself an assurance of these procedures, and the success of Sanderson's value approach, measured on a long-term basis, supports their effectiveness.

Principle 6 – Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Description of Client-base

By assets under management ("**AUM**"), approximately 83% of Sanderson's client-base are US institutional investors, with approximately 80% being large IRS-registered charitable institutions or ERISA-regulated pension funds. The remaining 17% of Sanderson's AUM represents US individual investors or private/family trusts (approximately 12%) and non-US investors (approximately 5%). Of the 5% of Sanderson's programme represented by non-US investors, approximately 2% is represented by EU investors and the remaining 3% represents Asian and Caribbean investors.

AUM Across Asset Classes and Regions

Sanderson invests in publicly traded, non-US or non-Canadian equity securities. Sanderson primarily invests in developed markets, although it may also invest in "emerging markets" and examples of this have included Taiwan, Thailand, Mexico, South Korea and China.

Investment Time Horizon

As described above, Sanderson is a long-term investor and typically holds positions in its portfolio for 5 to 7 years.

Specific Investor Restrictions

Sanderson recognises that there are many issues about which its investors feel strongly, but it is obliged to act in the overall best interests of all its funds and accounts. Further information on specific investor restrictions is included in the ESG Policy at Appendix 2.

Reporting

Other than the proxy voting summary and examples provided in this document, Sanderson does not issue public reporting on stewardship or related matters.

In accordance with Sanderson's Proxy Voting Policy, attached hereto as Appendix 1, it provides regular reporting on voting matters to investors on request. It is also happy to provide more detailed information on any particular vote to an investor on request – indeed, queries about voting, including Sanderson's procedures and specific vote information, are a common topic in investor meetings or due diligence questionnaires.

Principle 7 – Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Stewardship Integration

The manner in which stewardship and material environmental, social and governance issues is integrated into Sanderson's investment process is described in the ESG Policy at Appendix 2.

Impact on Decision-Making

In accordance with the investment approach set out elsewhere in this document, stewardship, including material environmental, social and governance issues, may form part of Sanderson's investment decision-making process. However, such factors alone will not drive an investment decision if the company is otherwise of sound quality and risk factors are, in Sanderson's opinion, sufficiently reflected in the price and do not adversely affect the perceived fair value of the security.

Principle 8 – Signatories monitor and hold to account managers and/or service providers.

As above and in the Proxy Voting Policy at Appendix 1, whilst Sanderson may receive summary information or voting recommendations from specified third party service providers, it does not rely on these and will be guided by its own investment research.

Sanderson also utilises the same third party service providers' vote instruction processing services. As described in the Proxy Voting Policy, inputs into these services for all votes receive multiple levels of verification within the firm.

Principle 9 – Signatories engage with issuers to maintain or enhance the value of assets.

Company Meetings

Sanderson is an active investment manager and, although fundamental research forms the main basis for Sanderson's investment decision-making, company meetings are also a key input into this process, both before and after investment.

Sanderson endeavours to meet regularly (normally at least annually) with all current and potential portfolio companies. Sanderson's Portfolio Managers are encouraged to ensure that these meetings are well structured and encompass a constructive exchange of views with a company's senior management and/or investor relations team. In any such meeting, the specific topics for discussion will vary, based on a host of company-specific factors and the existing research on file, and Sanderson's Portfolio Managers will not hesitate to include governance questions or issues if they believe that this is relevant in any way. Sanderson may arrange extra meetings if there are any specific or follow-up concerns and it is felt that this is the best way to address them.

Prior Engagement

Sanderson monitors the effectiveness of its prior engagement with the management and boards of investee companies. Sanderson's historic communications, and the success of such communications, will play a part in its proxy voting decisions. In accordance with applicable law and its internal document retention policies, Sanderson keeps electronic records of material engagements, voting and other governance and corporate responsibility activities, including the rationale for voting decisions.

Voting Matters

Sanderson votes the vast majority of its investments by proxy. Sanderson will, in exceptional circumstances, attend meetings where a problematic issue is being discussed or where it believes that this is reasonably necessary to fulfil its fiduciary responsibility to its clients. As a general rule, where specific issues arise, then Sanderson prefers to talk privately with company management, as it believes that this is a much more effective way to monitor a range of issues, including governance. That said, as set out below, Sanderson is willing to pursue other courses of action.

Principle 10 – Signatories, where necessary, participate in collaborative engagement to influence issuers.

Sanderson's approach emphasises meeting and talking to company management. But, subject to regulatory restrictions, conflicts of interest and acting in concert restrictions, and where Sanderson feels that it is in the best interests of its clients to do so, it may (as above) participate in collaborative engagement activities. Any such activities will be considered on a case by case basis and addressed in the context of the economic environment and other relevant business issues. Issues on which we have acted collectively have typically focussed on corporate strategy and its implementation. A specific example is provided below.

Principle 11 – Signatories, where necessary, escalate stewardship activities to influence issuers.

Engagement Methods

Sanderson is an active but not 'activist' investor. It does not build holdings in companies with the objective of changing the way that they are run or exercising control. However, Sanderson will intervene where it feels it necessary. For example, where it has particular concerns about capital allocation, including payment of dividends and acquisitions/disposals, strategy, operational performance or remuneration.

Potential courses of action in relation to concerns, in no particular order of priority, include:

- talk to the company management;
- write to the company to explain our expectations as shareholders;
- collaborate with other shareholders to bring pressure to bear on company management;
- abstain or vote against management resolutions;
- submit resolutions or introduce motions at shareholders' meetings.

The chosen approach(s) will depend on what Sanderson feels is in the best interests of its clients, as well as what is likely to be the most effective course of action in relation to a specific issue. Generally, operational and financial matters, and execution of strategy, are likely to involve meeting with executive management. Concerns about board oversight, governance and risk will normally be discussed with non-executives. Sanderson will sell a position if it feels that is the most effective response.

Engagement Examples

Recent examples of where Sanderson's Investment Team have engaged with portfolio companies include:

- Collaborating with a group of other shareholders to communicate with the management of a portfolio company which was subject to a takeover bid. Sanderson, and the other shareholders, felt that the bid underestimated the value of the portfolio company's business.

- Engaging with a portfolio company which was the offeror in a takeover bid. Sanderson felt that the bid was overpriced and would result in the portfolio company becoming overleveraged.

- Whilst Sanderson does not provide public disclosure on specific proxy votes, the aggregated figures at the end of this Summary demonstrate that there are numerous examples of Sanderson voting against company management, particularly in relation to shareholder dilution.

Whilst Sanderson's efforts are not always successful, they provide a clear indication of its willingness to engage with its portfolio companies.

Principle 12 – Signatories actively exercise their rights and responsibilities.

Sanderson has a formal Proxy Voting Policy, attached hereto as Appendix 1. Subject to the specific considerations set out in the Policy, including country and company-specific issues, Sanderson seeks to vote all shares held.

Whilst Sanderson likes to be able to support the management of the companies in which it invests, each proxy motion is considered individually. If a motion is not in the best interests of our clients, Sanderson may vote against it or else abstain. Voting is informed by internal research and supplemented with information produced by external firms. As described above, this information is valuable, but it is Sanderson's Portfolio Managers who make the final voting decision, based on this and multiple other sources of information.

A high level summary of Sanderson's votes and details of those instances in which Sanderson has voted against management are included below:

Sanderson Voting Summary – 1 January 2019 to 31 December 2019		
Sanderson voted on 1,217 resolutions at 78 company meetings		
Number of resolutions where Sanderson voted with management	1,147	94.2%
Number of resolutions where Sanderson voted against management or else abstained	70	5.8%
Breakdown of votes cast against management or else abstained		
Remuneration and related matters	7	
Election of directors/auditors	13	
Capital issuances and shareholder rights	45	
Distribution/allocation of income	0	
Routine or other business	3	

Sanderson has not sought an independent opinion on its shareholder engagement or voting. However, as above, Sanderson's operational voting procedures and controls are subject to review by Compliance on a regular basis.

May 2020

APPENDIX 1

PROXY VOTING POLICY

Sanderson Asset Management LLP ("Sanderson") 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. Sanderson also recognizes the need to exercise its proxy voting obligations with a view to enhancing the Client's long term investment values. Sanderson 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. It is Sanderson'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 options, management compensation or incentive plan issues; and social and corporate responsibility considerations. Sanderson 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 a portfolio company's U.S. retirement plan assets are invested in one of Sanderson's privately offered commingled funds or accounts, a portfolio company or one of its affiliated entities is also a brokerage counterparty to a Client's security or foreign currency transactions or where the person responsible for overseeing investments at a client that is invested in one of Sanderson'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. Sanderson may not be aware of the roles performed for current and/or potential portfolio companies by investors with similar equity interests in Sanderson's other privately offered commingled funds and accounts. Investors should notify Sanderson of any known affiliations with publicly traded companies that could fall within Sanderson's investment universe. Investors should also notify Sanderson if they are actively involved in the financial services industry or affiliated or employed by an investment bank, broker, custodian or asset management firm.

The Client's custodian ("Custodian") has outsourced certain of its proxy processing responsibilities to either Institutional Shareholder Services ("ISS") or Broadridge, leading providers of proxy voting and corporate governance services. ISS / Broadridge provide Sanderson 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 Northern Trust and ISS / Broadridge, and one in place between Northern Trust and Sanderson. Sanderson does not outsource any part of its proxy voting decision-making process.

Following receipt of proxy voting materials from ISS / Broadridge, Sanderson's staff gives a Proxy Voting Summary Form to one of Sanderson's portfolio managers for review. The form includes a summary of the voting issues, 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, Sanderson's staff will process the proxy vote electronically using ISS's / Broadridge's proprietary system. A second Sanderson staff member will verify the input.

In certain circumstances, Sanderson may be unable to vote a specific proxy including (but not limited to) when a 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. Sanderson may also refrain from voting if, for example, 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 Sanderson 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 markets, Sanderson may be constrained by certain country or portfolio company specific issues. For example, some companies in the portfolio 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 Sanderson's client shares may be 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 Sanderson from voting proxies where disclosures of Client holdings or securities under Sanderson's control have not been made on a timely basis or in a format required under their articles of incorporation.

Additional information on Sanderson's proxy voting and corporate governance policies can be found in the Stewardship and Shareholder Engagement Information Summary on Sanderson's website (www.sandersonam.com). Clients may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting Sanderson's client services representatives and asking to be included on the quarterly proxy voting distribution list.

Sanderson will regularly, and at least annually, review this Policy. Sanderson will provide a copy of this Policy to all its investors on at least an annual basis. Additional copies can be provided to investors at any time on request.

APPENDIX 2

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Sanderson Asset Management LLP's ("Sanderson") policy on environmental, social and governance ("ESG") issues is set out below. This document should be read in conjunction with the Stewardship and Shareholder Engagement Information Summary on Sanderson's website (www.sandersonam.com), which describes how Sanderson might communicate with a company regarding a specific ESG issue.

Investor Concerns

Whilst Sanderson recognises that there are many ESG issues that its investors feel strongly about, it is obliged to act in the overall interests of all of its commingled funds and separate accounts ("Clients"). Indeed, investors may not share the same view or may hold opposing views on the same issue.

Additionally, Sanderson has found that some of its investors maintain lists of restricted securities for companies operating in certain countries, regions and industries, from which they would like their investment managers to divest. However, and as described further below, Sanderson must be guided by the principles of its investment strategy. To date, Sanderson has not agreed to dispose of a holding or refrain from purchasing a security that meets its valuation and quality criteria on the basis of investor-specific ESG requirements.

Investment Programme Considerations

As an active long-term value manager, Sanderson's investment decisions are based on financial and supporting non-financial considerations which Sanderson believes may have an impact on shareholder value. ESG issues are included in Sanderson's investment research process to the extent that they overlap with the other factors examined during company quality assessment, including underlying industry growth, reliability of profit streams, and experienced and ethical management. The emphasis of Sanderson's investment research process is on establishing the sustainability of a business model in the context of the changing external framework of regulations, business practices and other factors. As such, Sanderson considers ESG issues on a case by case basis at the company level, looking at the impact that they are likely to have on a potential investment or existing portfolio company over the longer term. Companies who depend on unsustainable business practices (such as uneconomic wage rates, or unsafe or harmful environmental business practices) are likely to fall outside Sanderson's quality assessment criteria, because they are not sustainable in perpetuity and it is probable that they will suffer from falling rates of return.

So, whilst Sanderson does not take a fixed approach to any one specific ESG issue, it clearly recognises that such issues can have a very material impact on a company's present or future financial position or else conflict with Sanderson's ability to manage and develop its investments. Sanderson believes that this approach best enables it to make balanced judgments about investment opportunities and act in the best interest of all its Clients.

Company Responsibilities

Sanderson views the issue of companies operating in countries, regions or industries that may have poor environmental or social safeguards as being another uncertainty which the companies it invests in have to cope with.

As above, as part of its fundamental research approach, Sanderson wants to be aware of how and where current and potential portfolio companies operate. However, Sanderson recognises that ultimately the decision to operate legally, either directly or indirectly, in an unpopular country, region or industry, to deal with difficult political environments or unfriendly regimes in different places around the world, the implementation of a business plan, and the reputational risk involved, lies with the management of a company. Sanderson understands that 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 Sanderson as an investment manager. In summary, the fact that a current or potential portfolio company is operating legally in an industry, country or region that raises ESG issues will not cause Sanderson to change its stated investment process.

Sanderson 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, Sanderson 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. Sanderson also expects that the companies in which it invests will do the same and Sanderson pays close regard to their record in this respect.