RIVER AND MERCANTILE
ASSET MANAGEMENT

River and Mercantile Asset Management LLP

Corporate Governance, Voting and Engagement Policy

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Corporate Governance, Voting and Engagement Policy Contents

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BACKGROUND

As an equities manager RAMAM believes we are not only stewards of the assets entrusted to us by our clients, but that we also have a fiduciary responsibility to improve the management of companies for all stakeholders whilst not compromising our objective of achieving strong financial returns. The best way to create wealth for our clients is to invest in companies that over time optimise their returns to shareholders. For companies to achieve this objective, the company should endeavor to ensure the long-term viability of its business, and to manage effectively its relationships with all stakeholders.

Since RAMAM was formed in 2006 we have always voted on behalf of our clients, both for UK companies and those stocks held in our global equity portfolios. We regard voting as an important aspect of active ownership: engaging with companies to encourage better corporate standards. The following policy and procedures apply to the voting of proxies solicited for securities in all accounts of River & Mercantile Asset Management (RAMAM), including segregated mandates and collective investment trusts and funds where RAMAM exercises voting authority. For accounts where RAMAM does not have voting authority, e.g. because the client has retained the authority or delegated the authority to a third-party fiduciary, the procedures do not apply.

RAMAM is conscious that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, as part of our investment beliefs RAMAM incorporates ESG issues when analysing and reviewing companies. RAMAM has a separate Environmental, Social and Governance Policy which may be available on request. Apart from gaining an understanding of the business and financial management, we believe it is important when we analyse companies to identify potential non-financial risks by assessing management's behaviour with regard to customers, employees, suppliers and the environment. A section on our internal Company Analysis Verification Sheets covers ESG issues as part of identifying key risks to our PVT (Potential, Valuation and Timing) thesis. MSCI ESG research supplements our assessment of a company's risks - if the MSCI ESG Rating and/or Carbon Emissions Score is low, this is a signal for further analysis. As part of our monitoring process, when MSCI ESG analysts raise issues or there is a significant change in the ESG rating potential risks are assessed.

We strongly believe the best process to improve management attitudes is through engagement and voting, rather than solely excluding a company on 'ethical' grounds, unless specifically requested by a client. Where we are amongst the largest shareholders in a company, we can exert more influence, otherwise voting at annual (and extraordinary) general meetings is our most effective way of encouraging change.

We mainly engage on governance but are increasingly so on environmental and social issues, such as environmental practices, including Greenhouse Gas (GHG) emissions, health & safety, diversity (gender and ethnic), talent development (employee and management) and community involvement. We particularly encourage companies to include non-financial Key Performance Indicators (KPIs) linked to environmental & social metrics in remuneration policies, such as climate change, employee and customer satisfaction. Metrics to include should be relevant to the company's particular industry and main stakeholders.

We believe it is important for shareholders to assert pressure on companies to operate in the most ethical manner within the limitations of an industry. When a company is not addressing such issues, or management is 'ignorant' to change, we would consider selling a holding or not investing altogether.

CLIMATE CHANGE

We are strong believers that collectively we are 'stakeholders' in ensuring environmental sustainability. To achieve this goal, Governments will have to adopt a 'carrot and stick' approach for corporations, through subsidies and taxation; as individuals we need to be more conscious about our everyday actions; and as investors we must endeavour to be responsible stewards of capital.

Our fiduciary duty as investors has evolved to recognise the impact of sustainability issues on investment values. The risks associated with climate change are relevant for all companies, but the severity will differ across industries. To fulfil our fiduciary duty, we believe we must; incorporate financially material sustainability factors into investment analysis and decision-making processes; respect the sustainability-related preferences of clients (whether or not financially material); and be active owners to encourage high standards of ESG performance and promote long-term value creative corporate strategies. We believe in a 'comply or explain' approach both for the companies we invest in and within the equity portfolios we manage.

At a corporate level we believe companies should be making the appropriate disclosures applicable to climate change, as outlined in the Financials Standards Board (FSB) Taskforce on Climate-Related Financial Disclosure (TCFD) recommendations. Companies should also have policies in place to move to Carbon Neutrality in future and the pathway to achieve this.

Within portfolios we do not adopt an 'exclusion' approach, unless specifically requested by a client. It is however important for us to monitor the exposure of our equity portfolios to economic activities affected by the transition to a low carbon economy.

APPLICATION OF THE POLICY

The Policy sets out our beliefs on what we regard as best practice for companies globally. For UK companies it incorporates the standards set by the UK Corporate Governance Code and intends to deal with issues that are either not covered, require greater emphasis or are specifically left open for shareholders to resolve with company boards. This also applies to companies listed outside the UK, as we believe this Code has taken a lead in encouraging companies to set higher standards of corporate governance in promoting transparency, integrity and to adopt a medium to long-term view in decision making for the benefit of all stakeholders. Implementation of our Policy is mainly by voting, with engagement as appropriate.

Fundamental principles are set out below and applied in the majority of cases. However, RAMAM discourages passive box ticking and aims to take an informed and pragmatic approach to voting. RAMAM will give due consideration to the specific circumstances and facts available to each investor before voting. For UK companies RAMAM supports a "comply or explain" approach to corporate governance and endorses the Code. We expect UK companies to explain and justify any reasons for non-compliance, and to outline their plans for compliance in future. In the case of non-compliance, we reserve the right to accept or reject the explanation. For non-UK companies, we are supportive of similar Codes.

The overriding objective of the company should be to optimise over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the company should endeavour to ensure the long-term viability of its business, and to manage effectively its relationships with stakeholders.

We use a third party, ISS Corporate Solutions, to implement our voting policy, overriding their recommended action when it differs from our General Principles on standards for good corporate governance and management of environmental and social issues. When considering whether to retain or

continue retaining a proxy advisory firm, to provide research or voting recommendations as an input to RAMAM's voting decisions, RAMAM shall consider, among other things, whether the proxy advisory firm has the capacity and competency to adequately analyse the matters for which RAMAM is responsible for voting; including the adequacy and quality of the proxy advisory firm's staffing, personnel, and/or technology. RAMAM will, on a regular basis, monitor the third-party proxy voting service guidelines and procedures.

ENGAGEMENT

RAMAM will engage with companies in which we invest on behalf of our clients on occasions when we think it is in investors' long–term interests and will endeavour to identify problems at an early stage to minimise any loss of shareholder value. Engagement may take the form of voting against management or establishing a dialogue directly with management.

Instances when RAMAM may engage include when we have concerns about:

- The company's strategy
- The company's operational performance
- The company's acquisition/disposal strategy
- Independent directors failing to hold executive management to account
- Internal controls failing
- Inadequate succession planning
- An unjustifiable failure to comply with the local governance codes
- Inappropriate remuneration levels/incentive packages/severance packages
- Poor environmental management, including pollution and climate change
- Poor human capital management
- Poor management and/or disclosure of ESG information
- Board gender diversity
- Executive directors pension arrangements (UK only)

Where RAMAM has retained the right to vote on an asset we will advise the client of our views and actions in accordance with specific underlying agreements. When conflicts of interest arise these will be addressed in accordance with the Conflicts of Interest Policy.

STATEMENT OF GENERAL PRINCIPLES

Companies should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares. Clear and comprehensive information on directors, corporate governance arrangements and the company's management of corporate responsibility issues should be provided.

Shareholders should be given sufficient and timely information about all proposals to allow them to make an informed judgment and exercise their voting rights. Each proposal should be presented separately to shareholders – multiple proposals should not be combined in the same resolution. In the absence of sufficient information provided by a company on a proposed resolution we will vote against.

We believe voting is an important aspect of responsible ownership and valuable tool for engaging with companies to encourage better standards of corporate governance and management of ESG issues.

Boards of directors: RAMAM recognises the plurality of corporate governance models across different markets and does not advocate any one form of board structure. However, for any corporate board there are certain key functions that apply:

- reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and

business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures;
- monitoring the effectiveness of the company's governance practices and making changes as needed;
- selecting, compensating, monitoring and, where necessary, replacing key executives and overseeing succession planning;
- aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- ensuring a formal and transparent board nomination and election process;
- monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
- ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems and controls are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards; and
- overseeing the process of disclosure and communications.

The board of directors, or supervisory board, as an entity, and each of its members, as an individual, is a fiduciary for all shareholders, and should be accountable to the shareholder body as a whole. RAMAM recognises that its funds will sometimes be minority shareholders in businesses where there may be a major shareholder. In such instances, we often analyse the corporate objectives of the major shareholder as well as ensuring sufficient board representation by individuals not associated with the major shareholder. Each board member should stand for election on a regular basis. Boards should include a sufficient number of independent non-executive members with appropriate skills, experience and knowledge. Responsibilities should include monitoring and contributing effectively to the strategy and performance of management, staffing key committees of the board and influencing the conduct of the board as a whole.

Audit, remuneration and nomination/succession committees should be established. These should be composed wholly or predominantly of independent non-executives. Companies should disclose the terms of reference of these committees and give an account to shareholders in the annual report of how their responsibilities have been discharged. The chair and members of these committees should be appointed by the board as a whole according to a transparent procedure.

When determining how to vote on the election of a non-executive director, we will give close consideration to their independence and to the proportion of independent directors on the Board as a whole.

We will vote against or withhold votes from the incumbent chair of the nominating committee if there is not at least one woman on the board. If the chair of the nominating committee is not identified or is not up for election, we will vote against or withhold from incumbent members of the nominating committee. If the company does not have a formal nominating committee, we will vote against or withhold votes from the incumbent board chair.

Accountability: RAMAM believes that a company's directors should be accountable primarily to its shareholders as they are the owners of the company and the providers of its risk capital who reasonably expect the board to pursue business strategies to optimise long-term shareholder value. However, RAMAM recognises that it is very much in the shareholders' own interests that directors should also consider the significance of other stakeholders to the company's long-term prosperity. RAMAM accepts that directors will be unable to pursue the objective of increasing long-term shareholder value without developing and sustaining these stakeholder relationships. For the same reason, directors must also manage the risks associated with social and environmental issues where appropriate as these may have

a material impact on the company's long-term performance.

Non-Executive Directors (NEDs) are a vital safeguard of the interests of shareholders. NEDs should work co-operatively with their executive colleagues and demonstrate objective and independent judgement.

At least half the board, excluding the chair, should comprise non-executive independent directors except in the case of smaller companies, which we consider on a case-by-case basis. As a rule of thumb, boards should have at least three independent NEDs. NEDs considered by the board to be independent should be clearly be identified in the annual report.

Independence: We endorse the UK Code's definition of independence of directors. According to the Code, a director is assumed not to be independent if he or she:

- is currently or has been an employee of the company within the past five years;
- has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- received or receives additional remuneration from the company other than director's fees, or participates in the company's share option or performance related pay scheme or is a member of the company pension scheme;
- has family ties with other directors, senior staff or advisers;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from their first election.

Additionally we consider the following as factors affecting independence:

- board member/employee of competitor;
- stakeholder representative other than shareholders;
- receives remuneration from third party;
- wasn't appointed via an appropriately constituted nomination committee;
- is on the board of or is employed by a notifiable holder in the company.

RAMAM takes a flexible view on the application of the so-called "nine-year rule" with regard to the independence of NEDs and will consider carefully the continuing independence of any NED who has been on the board for more than nine years. Long tenure does not necessarily mean a loss of independence, but boards must make a persuasive case in the annual report for a NED's continuing independence in such cases. There are other factors to take into account in determining independence in such cases; however, NEDs serving more than nine years on the board should be subject to annual re- election.

Companies, if they wish, may pay NEDs partly in shares, which should be retained whilst they are in office. NEDs should not participate in performance-related pay or incentive schemes.

Senior Independent Non-Executive Director (SID): The appointment of a SID is encouraged. The individual should be identified in the annual report to provide a communication channel between shareholders and NEDs in addition to existing channels. It is accepted that in many companies this channel need only be used occasionally. However, we consider that the appointment of such an individual is beneficial. A further role for the SID should be to perform the periodic performance appraisal of the Chair. Due to the nature of the role, it is important that the SID's independence be *demonstrable*, and RAMAM will look closely at how the board has determined his or her independence.

Combined Chair/Chief Executive: The combination of these roles is actively discouraged. Any departure (e.g. in a small company) should be fully justified and balanced by the presence of independent and effective NEDs so that no one individual has unfettered powers of decision. RAMAM would normally expect a fully independent deputy chair or senior independent director to be clearly identified when these roles are combined.

Independence of Chair: A Chair should be independent on appointment.

Chief Executive Officer (CEO) becoming Chair: The elevation of a company's CEO to Chair will generally be discouraged, unless it is part of a transitional period at the company or if the company can present a compelling justification for the move. The company should be prepared to explain the measures in place to ensure that the incoming CEO would be able to operate without undue intervention from his predecessor.

Board Appointments should be both formal and transparent with detailed information on the candidates' background, competencies and skill-sets. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

There should be audit, nomination and remuneration committees on boards of all but the very smallest companies, with a majority of independent NEDs, and exclusively independent in the case of the audit and remuneration committees. Members of all the committees must be identified in the annual report. The Chair of the company may be a member of the nomination committee, and there are very good arguments for his/her inclusion in its membership. We also accept that permitting the Chair to sit on the remuneration committee, as a full member would ensure that performance incentives and other elements of the remuneration policy are properly aligned with the company's strategic objectives. However, the Chair should not chair the remuneration committee.

Audit Committees should consist of at least three NEDs, all of whom must be independent, and who should be identified in the annual report and accounts. At least one member must have recent and relevant financial experience and this should be clearly set out in the annual report. The committee should have written terms of reference, which are published either in the annual report and accounts or on the company's public website.

Nomination Committees should consist of at least three NEDs, the majority to be independent. As with the Audit Committee, written terms of reference should be made available. The Chair of the company can be a member and the SID should be a member.

Remuneration Committees should consist of at least three members, all of whom must be independent NEDs. No director should be involved in setting his/her own pay. An independent Chair may be a member of the committee; however, we would not expect the Chair of the company to chair the remuneration committee.

Re-election of directors: All directors should be required to submit themselves for re-election at least every three years. There must be no insulation from this requirement. Full biographical details, including other directorships and/or chairships, should be disclosed. As stated above, RAMAM will not apply the "nine-year rule" inflexibly when considering whether to re-elect a NED. However, if there are an insufficient number of independent NEDs on the board, the company will be expected to justify fully the long-serving continuing independence of NEDs and disclose any succession plans for the board.

Education and Evaluation of the Board: The board, its committees and individual directors should be

evaluated on an annual basis and the process for evaluation should be disclosed in the annual report.

Consideration should be given to periodic external evaluation where appropriate. Disclosure on the outcome of the board performance appraisal process is encouraged. There should be a full formal induction for new directors, and regular refresher and updating sessions should be available.

Board Attendance: The number of board, committee and other meetings attended by each director should also be disclosed routinely in the annual report and accounts as a matter of best practice. Instances of poor attendance should be explained. Disclosure should include the number of meetings, which each individual was entitled to attend.

Remuneration Philosophy & Design
RAMAM sets out below our general views on what constitutes an appropriate remuneration policy:

Remuneration Design: Executive remuneration arrangements are often quite complex and need careful scrutiny. In line with the Code on the design of performance-related remuneration, actual and potential awards should not be excessive and should be directly related to the company's success and aligned to the returns achieved by the shareholders. We would expect to see directors maintaining a shareholding in the company. Exceptional rewards can only be justified by exceptional performance. It follows that performance targets should be rigorous. RAMAM would look favourably on the inclusion of non- financial performance criteria in both short and long-term variable pay, where such factors represent material risks and opportunities as identified by the directors in the business review. We support both short and long-term variable performance-based remuneration being paid in the form of equity. Remuneration systems should genuinely incentivise directors to deliver durable shareholder value and policies should be clearly aligned with business strategy, objectives and key performance indicators (KPIs) which link to long-term value creation.

Pay for Performance: Remuneration should include performance-based rewards. Executives should not be compensated merely for market or sector increases in stock prices. Performance metrics should be relevant, linked to strategy and enhance long-term shareholder value. Recipients should have a line of sight between performance and reward. Performance should be assessed relative to relevant peers and over an appropriate timeframe. We do not encourage transaction, recruitment or termination payments.

Disclosure: We expect companies to make full disclosure of the detail of directors' pay and benefits. Key areas where we encourage full disclosure include:

- Rationale behind the selection of the chosen performance metrics. Including the precise targets – simply naming the financial ratio used is not adequate.
- Linkage between pay and delivery of strategic objectives.
- Breakdown of total remuneration received during the year.
- Remuneration potential for the following year, including details of bonus.
- Maximum awards available under any long-term incentive plan and option plans and the minimum threshold below which awards not available.
- Any required explanations and justifications for the decisions and actions taken by the remuneration committee.
- Full justification and explanation for any discretion, which the remuneration committee uses, or plans to use.

Long Term Incentive Plans: Should always be put to shareholders for approval as well as any material changes to existing plans. Payment for failure must be avoided, and mitigation arrangements should be

applied routinely and robustly on both the appointment of directors and the termination of their contracts. Performance targets should be demonstrably stretching and measured over an appropriate period. We encourage the use of both financial and extra financial performance metrics within the remuneration structure. Share awards granted should be released for sale on a phased basis and be subject to a total vesting period of no less than three years.

Remuneration Report: The inclusion of a remuneration report detailing a company's remuneration policy and directors' pay in a company's annual report and accounts is a statutory requirement in some jurisdictions. Where companies do not provide shareholders with an advisory vote on the remuneration report, we will consider withholding support for the report and accounts. We see an advisory vote on the remuneration report as an important right of shareholders.

Where a company provides inadequate disclosure on remuneration or adopts remuneration policies and practices that are not aligned with shareholder interests, we may consider withholding support for the remuneration report and/or the re-election of remuneration committee members. For small cap and AIM/Fledgling companies RAMAM will usually support the approval of the remuneration report, unless deemed otherwise.

Clawback: Remuneration Committees should retain discretion to reduce or reclaim payments if the performance achievements are subsequently found to have been significantly misstated. We consider that there should be specific provision for 'claw back' policies that enable a company to reclaim compensation (bonuses and other incentives) that are awarded based on earnings that were subsequently found to be erroneous, fraudulent or manipulated or through any other such accounting restatement.

Hedging: RAMAM considers that companies should strongly discourage hedging by scheme participants of exposure to longer-term incentives, and plan rules should prohibit alienation, however derived.

Service Contracts: We believe executives of listed companies should be appropriately rewarded for the value they generate. However, we are also concerned to avoid situations where departing executives are rewarded for under-performance. Shareholders have an expectation that boards will consider the risks of negotiating inappropriate executive contracts that can lead to situations where failure is rewarded. Companies should clearly disclose key elements of directors' contracts on their website and summarise them in the remuneration report, which should fully disclose the constituent parts of any severance payments and justify the total level and elements paid.

Executives should be employed no longer than one year rolling contracts which should be seen as an upper limit rather than a floor, and we would strongly encourage boards to consider contracts with shorter notice. Compensation for risks run by senior executives is already implicit in the absolute level of remuneration, which mitigates the need for substantial contractual protection. Boards should ensure that contracts do not include any additional financial protection in the event of poor performance leading to termination and ensure that severance payments arising from poor corporate performance do not extend beyond basic salary. We do not support contracts that become longer on a change of control of the company, unless it is an initial contract for a fixed period. Changing a contract to a shorter period should not give rise to compensation because the one-year contract term is best practice. We expect companies to look for mitigation of loss if a director leaves and severance payments should be on a phased basis.
RAMAM look for Remuneration Policies to set pension arrangements for new joiners aligned with those of the wider workforce, and companies should actively disclose whether or not this is the case. For incumbent directors, companies should seek to align the contribution rates with the workforce over time, recognising that many investors in the UK will expect this to be accomplished in the near-term.

VOTING AT COMPANY MEETINGS:

(i) Report and Accounts resolutions: A separate resolution proposing the adoption of the annual report and accounts should be tabled at all annual general meetings (AGMs). Where we have general and persistent concerns about a company's governance or the actions of the Board as a whole during the year, or where concerns cannot be linked to a particular resolution we may withhold support for the annual report and accounts.

The decision to vote against the annual report and accounts at a company meeting will not be taken lightly and will be considered on a case-by-case basis.

(ii) Bundled resolutions: Bundling of matters for consideration that should be put to separate shareholder votes is strongly discouraged. RAMAM will not generally support if we cannot support one of the underlying elements.

(iii) Proxy voting disclosure: The total proxy votes should be disclosed for each resolution at the meeting and should be made available on the company's public website or through a regulatory announcement as soon as practicable after the AGM.

Donations: Political donations should not normally be made without the prior approval of shareholders, and where such consent is obtained, it should not be for an indefinite period. Where the prior approval is not possible, political donations should be the subject of a vote of endorsement at the following AGM. RAMAM discourages direct or indirect donations made to political parties and would vote against a specific resolution of this type. We would also consider voting against the report and accounts in the absence of a specific resolution to approve a donation.

Audit and Auditor Fees: The audit committee should publish an explanatory report of its own in the annual report and accounts that should state its policy on the appointment, remuneration and rotation of external auditors, as well as how the independence of external auditors is maintained and assured. The committee should also make clear the nature of its relationship with the company's internal audit function. It should also conduct an annual review of internal controls and state that it has done so in the annual report.

In their annual report and accounts, companies should disclose clearly a breakdown of audit and non-audit related fees paid to their external auditors during the year. Non-audit related fees should not be combined into one sum but should be broken down into separate activities and if necessary explained in the audit committee's own report. The nature of any non-audit work undertaken by the external auditor should be made in the notes to the accounts with additional supporting explanations in the audit committee's own report and an indication as to whether non-audit work is put out to competitive tender. There is no set ratio of audit to non-audit fees that we find acceptable, but in general very large non-audit fees without adequate explanation will be resisted. Conversely, very small non-audit fees which are greater than audit-related fees may be looked upon more favourably than if the quantum was substantially higher.

Contested Takeovers: We reserve our position in the event of a hostile takeover. Support might not be extended to the existing management in circumstances of poor performance or if a very full price is offered.

Dilution of Equity: We believe a company should be permitted to be able to offer up to 10% of share capital for cash rather than on a rights basis. Existing shareholders should be offered the right of first refusal when a company issues shares exceeding 10% of the existing shares in issue or exceeding a 15%

threshold in any three-year rolling period.

We also strongly support the basic principle that overall dilution under all share option schemes should not exceed 10% in any 10-year period with the further limitations of 5% in any rolling 10-year period on discretionary schemes. We consider pre-emption to be a basic shareholder right that should not be eroded and will only agree in very exceptional circumstances to waive pre-emption rights. A wide variety of financing options are now available to companies. Companies should explain why a non-preemptive issue of shares is the most appropriate means of raising capital, and why other financing methods have been rejected. They should also disclose the level of dilution of value and control for existing shareholders on, both a proposed and rolling three-year measure and make clear the process they would follow if approval for a non-preemptive issue were to be granted. For example, how dialogue with shareholders would be carried out in the period leading up to the announcement of an issue. Furthermore, we would expect companies seeking authority from shareholders to waive pre-emption rights to do so on an annual basis.

Strategic Report/Business Review: Companies should publish an enhanced business review to allow shareholders to make an informed assessment of the performance and prospects of the company. This extends to, but is by no means limited to environmental, employment, social and community issues.

We strongly encourage companies to publish a forward-looking review as a best practice requirement in the spirit of "comply or explain" and go well beyond bare compliance or boilerplate disclosure. The business review should describe the company's strategy, and associated risks and opportunities, and explain the board's role in assessing and overseeing strategy and the management of risks and opportunities. We wish to see a balanced and comprehensive analysis of the company's performance and prospects; an informative description of principal risks and uncertainties facing the business; and analysis using appropriate financial and nonfinancial key performance indicators.

Environmental, Social and Governance (ESG): RAMAM is conscious that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, as part of our investment beliefs RAMAM incorporates ESG issues when analysing and reviewing companies. RAMAM has a separate Environmental, Social and Governance Policy which may be available on request.

RAMAM has clear voting guidelines on governance issues as laid out in this policy. On environmental and social resolutions at company meetings these are addressed on a case by case basis to reflect the company's own practices, as well as the specific requirements of the resolution. RAMAM takes account of ESG reporting in deciding on support for the report and accounts.

Climate Change: Regarding voting we consider the merits of shareholder resolutions, including climate related proposals, on a case by case basis. In 2020 we have incorporated climate change into our voting policy, whereby our proxy advisor will be assessing for the majority of our holdings the company's overall disclosure (governance, strategy, risk management, metrics & targets) and performance factors (norms, GHG emissions, performance rating). Depending on the assessment of how a company is evaluating risks associated with climate change and action being taken we will vote accordingly.

As stated earlier, we consider that the board is accountable primarily to its shareholders, but recognise that the board should consider the significance of other stakeholders. We support the ABI Guidelines on Responsible Investment Disclosure, and would expect to see disclosure in a company's annual report regarding how it takes account of the significance of these matters to the business of the company and the materiality of any environmental, social and governance risks that impact their operations. The publication of a corporate social responsibility report, whether incorporated in the annual accounts or as

a standalone document, is encouraged. However, key risks should be covered in the business review of the main annual report and accounts.

Disclosure and transparency: Companies should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares. Clear and comprehensive information on directors, corporate governance arrangements and the company's management of corporate responsibility issues should be provided.

Shareholders should be given sufficient and timely information about all proposals to allow them to make an informed judgment and exercise their voting rights. Each proposal should be presented separately to shareholders – multiple proposals should not be combined in the same resolution. In the absence of sufficient information provided by a company on a proposed resolution we will vote against.

Shareholder rights: All shareholders should be treated equitably. Companies' ordinary shares should provide one vote for each share, and companies should act to ensure the owners' rights to vote. Major strategic modifications to the core business(es) of a company should not be made without prior shareholder approval. Equally, major corporate changes, which in substance or effect, materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders should not be made without prior shareholder approval of the proposed change. Such changes include modifications to articles or bylaws, the implementation of shareholder rights plans or so called 'poison pills', and the equity component of compensation schemes. We will not support proposals that have the potential to reduce shareholder rights such as significant open-ended authorities to issue shares without pre-emption rights or anti-takeover proposals, unless companies provide a compelling rationale for why they are in shareholder interests.

Audit and internal control: Company boards should maintain robust structures and processes to ensure sound internal controls and to oversee all aspects of relationships with external auditors. The audit committee should ensure that the company gives a balanced and clear presentation of its financial position and prospects, and clearly explains its accounting principles and policies. Audit committee members should have appropriate levels of financial expertise, in accordance with prevailing legislation or best practice.

The audit committee should ensure that the independence of the external auditors is not compromised by conflicts of interest (arising, for example, from the award of non-audit consultancy assignments). Where we have serious concerns over auditor independence we will vote against the re-election of the auditor.

Remuneration: Remuneration of executive directors and key executives should be aligned with the interests of shareholders. Performance criteria attached to share-based remuneration should be demanding and should not reward performance that is not clearly superior to that of a group of comparable companies appropriately selected in sector, geographical and index terms. Requirements on directors and senior executives to acquire and retain shareholdings in the company that are meaningful in the context of their cash remuneration are also appropriate.

The design of senior executives' contracts should not commit companies to 'payment for failure'. Boards should pay attention to minimising this risk when drawing up contracts and resist pressure to concede excessively generous severance conditions. Companies should disclose in each annual report or proxy statement the board's policies on remuneration (and preferably the remuneration of individual board members and top executives), as well as the composition of that remuneration so that investors can judge whether corporate pay policies and practices are appropriately designed.

Broad-based employee share ownership plans or other profit-sharing programmes are effective market mechanisms that promote employee participation. When reviewing whether to support proposed new share schemes we place particular importance on the following factors:

- the overall potential cost of the scheme, including the level of dilution;
- the issue price of share options relative to the market price;
- the use of performance conditions aligning the interests of participants with shareholders;
- the holding period, ie, the length of time from the award date to the earliest date of exercise; and
- the level of disclosure.

Proxy Voting Policy & Procedures for US Client Mandates

The following policy and procedures apply to the voting of proxies solicited for securities in all accounts of RAMAM's US clients, including segregated mandates and US collective investment trusts and funds where RAMAM exercises voting authority. For accounts where RAMAM does not have voting authority, e.g. because the client has retained the authority or delegated the authority to a third-party fiduciary, the procedures do not apply.

Background: Regulatory requirements and expectations

The delegation of voting rights confers on RAMAM the ability, acting alone or together with others, to affect the outcome of shareholder votes and influence the governance of companies whose securities are owned. As such RAMAM may be able to impact the future of companies and as a result, the value of their securities.

Accordingly, the policy and procedures set out in this section are intended to institute practices designed to ensure that client interests are promoted and protected and legal and regulatory requirements met when RAMAM exercises its proxy voting discretion on behalf of clients.

As an investment adviser registered in the United States with the Securities and Exchange Commission (SEC), RAMAM is subject to the provisions of the Investment Advisers Act of 1940 (as amended) (the Act) when providing investment advisory services to U.S. clients. RAMAM also provides investment advisory services to U.S. clients which are pension plans constituted according to the requirements of the Employee Retirement Income Security Act 1974 (ERISA). ERISA establishes rules which must be followed by fiduciaries in order to prevent the abuse of plan assets. ERISA is overseen by the U.S. Department of Labor (DOL). RAMAM acts as a plan fiduciary when managing ERISA mandates.

The Act imposes a general fiduciary obligation on RAMAM pursuant to which it owes each of its U.S. clients a duty of care and loyalty in respect of the services that it undertakes on such client's behalf including, where applicable, exercising voting rights. The specific obligations in respect of voting depend upon the scope of voting authority assumed by RAMAM in its investment management agreement with its client.

In order to satisfy its fiduciary duty RAMAM must, when exercising a client's voting rights, consider such client's best interests and must prevent conflicts of interest i.e. it must not place its own interests ahead of the client's. Accordingly, RAMAM is required to establish a reasonable understanding of each client's objectives, which should drive individual voting decisions.

Under Rule 206(4)-6 of the Act, it is a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of section 206(4) of the Act for an investment adviser to exercise voting authority with respect to client securities, unless (i) the adviser has adopted and implemented written policies and procedures that are reasonably designed to ensure that the adviser votes proxies in the best interest of its clients, (ii) the adviser describes its proxy voting procedures to its clients and provides copies on request, and (iii) the adviser discloses to clients how they may obtain information on how the adviser voted their proxies. This policy and these procedures are designed to address compliance with these parts of the Act.

Introduction:

Both the SEC and with respect to ERISA accounts the DOL take the position that, unless dealt with to the contrary in the investment advisory agreement, the exercise by an adviser of discretionary authority over the management of a client's account comes with the authority to vote proxies on behalf of such client. RAMAM will always have an investment advisory agreement (IMA) with its clients and as such the position in respect of

proxy voting and any limitations to RAMAM's power in respect of it, should be set out in the IMA.

As a general matter, RAMAM's U.S. clients will delegate to RAMAM the power and discretion to exercise voting rights over securities managed by RAMAM, though RAMAM is not obliged to accept that delegation. RAMAM is required, in order to satisfy its regulatory and fiduciary duties in this context, to ensure that there is full and fair disclosure to and informed consent of the client to whatever is agreed in respect of voting the client's securities.

Pursuant to recent SEC commentaries an adviser with proxy voting authority is required to monitor corporate events and, as noted, to vote the proxies in a manner consistent with the best interest of its client, taking care to ensure that client interests are not subrogated to its own. The duty of loyalty requires that RAMAM must not prefer its own interests over those of the client. The scope of an adviser's responsibilities with respect to voting proxies is ordinarily determined by RAMAM's contract with the clients, the disclosures it has made to the client and the investment policies and objectives of the client.

Voting Authority. Wherever it has authority (Voting Authority), RAMAM will exercise it in accordance with this policy and these procedures.

When the RAMAM Operations team open a new account they will notify the Proxy Supervisor (as further described below), who will identify the new account as an account over which RAMAM have authority to make voting decisions (Voting Authority Account) or not on the basis of the account documents and other information presented.

Proxy Supervisor. RAMAM's US Proxy Voting Committee, which includes the Head of Value and Recovery PVT Equities, has been designated as the Proxy Supervisor for RAMAM. The Proxy Supervisor shall consult with RAMAM's Compliance department as required in respect of the discharge of RAMAM's duties and obligations. The duties of the Proxy Supervisor are as follows:

- Provide copies of this policy and procedures document to all personnel involved in the consideration and processing of proxy material.
- Identify RAMAM's Voting Authority Accounts.
- Identify, prevent and/or manage actual or potential conflicts of interest, as further described below.
- Identify the individual(s) who are to make Voting Decisions with respect to each Voting Authority Account.
- Implement RAMAM's policies as to (i) client notification (ii) making Voting Decisions and (iii) record keeping.

Conflicts of Interest. As an FCA regulated firm, RAMAM is required to prevent or manage conflicts of interest between itself and its clients and between one client and another client. RAMAM is therefore obliged to identify, prior to making a voting decision in a Voting Authority Account, any potential or actual conflict of interest with respect to that voting decision.

As an FCA authorised and regulated firm RAMAM is required to prevent and/or manage conflicts of interest so as to ensure that there is no resulting detriment to clients; this is reflected in the group policy on conflicts of interest to which RAMAM is subject. Under the UK regime there is a clear onus on prevention or management over disclosure, which is considered to be a last resort. In the case of SEC rules disclosure of conflicts is specifically required and in the management of conflicts in the context of proxy voting, pre-action disclosure coupled with the seeking of instructions is considered to be an effective method for resolving the conflict of interest. In situations where a conflict of interest has been identified, consultation with RAMAM's Compliance department is required before a proxy vote can be placed. It is expected that any conflicts will be resolved as described above in order to ensure that RAMAM can discharge its obligation to both to vote and to vote in the client's best interest.

RAMAM will consider that it has a conflict of interest with respect to any voting decision where:

- RAMAM or an affiliate or associated person is providing advisory or investment services to a company whose management is soliciting proxies.
- RAMAM or an affiliate or associated person has a business or personal relationship with a member of company management or a company group (such as the pension plan), proponent of a proxy proposal, a participant in a proxy contest or a candidate for corporate office.

Conflicts List. The Proxy Supervisor shall maintain and make available to all employees a continuous record (the Conflicts List) of companies issuing securities with whom there is a potential Material Conflict of Interest in making Voting Decisions.

Voting Decisions. In the event of a vote involving a conflict of interest, action taken to mitigate conflicts of interest on voting at AGMs where the company is a Client is as follows:
(1) We vote in line with RAMAM Voting Policy;
(2) Where there is a 'Refer' for voting confirmation by RAMAM, we vote in line with ISS Corporate Solutions recommendation;
(3) When a 'Refer' for voting confirmation by RAMAM and we decide to vote differently to ISS, providing the vote is 'away from' management this is deemed not to be a conflict;
(4) If a 'Refer' for voting confirmation by RAMAM and we decide to vote differently to ISS and 'in favour' of management we refer to clients (US clients only)
Documentation of any voting decisions will be maintained by the RAMAM Director of ESG.

In making a Voting Decision in the best interests of the client, RAMAM should consider, along with the position of management, other readily available input, including the position of other securities holders or groups and/or regulatory authorities as further described in the Voting at Company Meetings section above.

The Proxy Supervisor, at the same time as the Voting Decision is being made, determines whether there is enough uncertainty about the best interests of the client that the client should be contacted in advance for approval. If mitigating circumstances and/or conflicts of interest arise, the circumstances or conflicts will be discussed by the Proxy Supervisor. The Proxy Supervisor may inform the client or may forward the proxy material to the client if it deems it necessary for review. The Proxy Supervisor may also so direct the Responsible Person (see below) to contact the client and to document the response. Factors to consider would include the stated investment objectives of the client and the nature of the conflict of interest.

In contacting the client, RAMAM must provide the client with sufficient information regarding the matter before securities holders and the nature of the Material Conflict of Interest to enable the client to make an informed decision to consent to the adviser's vote.

Actions to be taken by RAMAM. The Proxy Supervisor shall review and approve on a regular basis (at least quarterly) all RAMAM Voting Decisions. The Proxy Supervisor is RAMAM's US Proxy Voting Committee and consists of the Managing Director of PVT Equities, the Director of ESG and shall be chaired by the Head of Recovery and Value PVT Equities.

The Proxy Supervisor shall identify on RAMAM records the person(s) responsible (Responsible Person) in each Voting Authority Account for each of the following, with respect to each Voting Decision:

- Establish and document for each Voting Authority Account a reasonable understanding of such client's objectives in order to inform voting decisions which are to be made in the best interest of the client;
- Receive and process each proxy solicitation in each such account, including identifying it, actions taken and client notifications in RAMAM's records;
- Monitor company developments with respect to the solicitation;

- Check the Conflicts List;
- Identify and seek to prevent and/or manage any conflict of interest and report it to the Proxy Supervisor and Compliance team.
- Provide appropriate full and fair disclosure on any potential or actual conflict of interest to the client in accordance with RAMAM's obligations as a firm regulated by the FCA and SEC and, as necessary or appropriate, to obtain informed consent from the client with respect to any Voting Decision.
- Make the Voting Decision where there is no conflict of interest or where there is, clear with the Proxy Supervisor a proposed Voting Decision;
- Notify the Proxy Supervisor of the Voting Decision;
- Process the paperwork, if directed by the Proxy Supervisor;
- Update RAMAM records in accordance with the record keeping requirements set forth below.

The RAMAM Compliance team will periodically sample proxy votes to review whether they complied with the RAMAM proxy voting policy and procedures. As part of the ongoing compliance program, the compliance team will also review, no less frequently than annually, the adequacy of its proxy voting policies and procedures and the effectiveness of their implementation.

Notifying the Clients. Each client of RAMAM, at the time any account is opened, will be provided notification as to the firm's policies and procedures for voting proxies.

In addition, each of the firm's clients with a Voting Authority Account will be informed upon request as to the voting decision taken on any proxy solicited. This information may be included in other information being sent to the client by the firm or the account custodian.

Books and Records. RAMAM shall, with respect to all clients for which it has Voting Authority, make and retain the following:

- Copies of all policies and procedures required by SEC Rule 206(4)-6.
- A copy of each proxy statement that the firm receives regarding client securities. The firm may satisfy this requirement by relying on a third party to make and retain, on its behalf, a copy of a proxy statement (provided that the firm has obtained an undertaking from the third party to provide a copy of the proxy statement promptly upon request) or may rely on obtaining a copy of a proxy statement from the SEC's EDGAR system.
- A record of each vote cast by the firm on behalf of a client. The firm may satisfy this requirement by relying on a third party to make and retain, on its behalf, a record of the vote cast (provided that the firm has obtained an undertaking from the third party to provide a copy of the record promptly upon request).
- A copy of any document created by the firm that was material to making a decision on how to vote proxies on behalf of a client or that memorializes the basis for that decision.
- A copy of each written client request for information on how the firm voted proxies on behalf of the client, and a copy of any written response by the firm to any (written or oral) client request for information on how the firm voted proxies on behalf of the requesting client.

All these required books and records shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years from the end of the fiscal year during which the last entry was made on such record, the first two (2) years in an appropriate office of the firm.

Proxy Voting Services. RAMAM will use a third-party proxy voting service (ISS Corporate Solutions) to vote all client securities overriding their recommended action when it differs from RAMAM's General Principles on standards for good corporate governance and management of environmental and social issues. The firm will review the third party proxy voting service guidelines to ensure that (a) they comply with Rule 206(4)-6, and (b)

the engagement of the third party voting service and its procedures do not present any conflicts of interest between it and the client, between it and the firm or between the firm and the client.

When considering whether to retain or continue retaining a proxy advisory firm, to provide research or voting recommendations as an input to RAMAM's voting decisions, RAMAM shall consider, among other things, whether the proxy advisory firm has the capacity and competency to adequately analyse the matters for which RAMAM is responsible for voting; including the adequacy and quality of the proxy advisory firm's staffing, personnel, and/or technology. RAMAM will, on a regular basis, monitor the third-party proxy voting service guidelines and procedures to ensure the firm and the third-party service both remain compliant with SEC Rule 206(4)-6.