Compliance with the UK Stewardship Code

Dundas Partners LLP ("Dundas") complies with and supports the Financial Reporting Council's UK Stewardship Code (published in July 2010 and updated in September 2012) and applies its seven principles to all equity holdings, regardless of listing.

This statement sits alongside our Sustainable Investment Policy and Proxy Voting and Engagement Policy, both available on the firm's website (www.dundasglobal.com).

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

Dundas has a single strategy: Investing in global equities for long-term dividend and capital growth. We are a discretionary investment manager, managing assets on behalf of institutional investors, wealth managers, and financial advisers. Our team manages approximately £1.2 billion of assets (as of 31 December 2019) for our clients across the UK, the USA, Australia, and New Zealand invested via segregated accounts, investment funds, and model portfolios.

We involve all members of the firm in Stewardship, in fact it is one of our core values. We operate as a partnership comprised of a small team based in our Edinburgh office. This organisational structure ensures we all act as principals, not agents, in our dealings internally and externally with clients. Further, it promotes consensus decision making, succession planning, and a long-term view that we believe aligns our interests with that of our clients.

The investment approach is fundamental, bottom-up and long-term in nature. We apply the same criteria to all the stocks that we research, allowing us to glean great insights from both investee companies and the stocks that we avoid. The whole investment team works together as generalists. This single team, single strategy approach applies to all aspects of the investment process, including Stewardship.

Responsibilities for sustainability, engagement, and voting are executed following the relevant policies and monitored by the Investment Committee. Investee companies are monitored regularly, with the investment case reviewed at least annually. The investment team often engage with investee companies over the phone, by letter, email, or meetings, and it is their responsibility to review company resolutions and approve voting instructions.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

As required by the Financial Conduct Authority, Dundas has in place a process for the management of conflicts of interest. This process is designed to ensure that conflicts between the interests of the firm and its clients are managed appropriately. It is reviewed and approved annually by the board and is made available on the firm's website (www.dundasglobal.com).

Dundas is an independent firm whose sole activity is the management of global equity portfolios. These services are available to institutional investors and professional clients only. The firm does not invest on our behalf, but alongside our clients within the appropriate UK domiciled fund. We do not hold any client money. This simple business model avoids many of the potential conflicts of interest which can bedevil organisations that are active in more than one area of investment management or other financial services.

The portfolios we manage for our clients all follow the firm's common investment strategy meaning all clients are invested in the stocks held in our global equity model. While some clients may request variations in the way that we apply the investment strategy or restrictions on the investment universe, every client portfolio must still derive investments from the global equity model. Even so, we recognise that not all clients can achieve the same results all the time, and variations in the investment results across the client base can occur. Such differences are not considered by us to represent conflicts of interest. Rather they reflect individual client requirements and our commitment to treat each customer fairly.

Dundas undertakes to vote all client proxies in a manner reasonably expected to ensure the client's best interest is upheld. The goal is to vote in a manner that we believe assists in maximising the value of the client's portfolio in line with our Sustainable Investment Policy and other Stewardship duties. Should a conflict of interest exist, we will vote in a manner that does not substitute the client's best interest for that of the firm.

Our belief as a firm is that we should be able to make investment decisions based on publicly available information and contact with company management and investor relations. Therefore, Dundas conducts its research internally. Any research that might be paid for as an extra resource will be paid from our P&L account and not charged to clients.

Principle 3: Institutional investors should monitor their investee companies.

Dundas owns 60-100 stocks with portfolio turnover averaging less than 20 percent per annum. We expect to be investors in companies for between five and seven years. Overall this allows us to be active owners and conduct comprehensive monitoring of all investee companies.

The monitoring of investee companies occurs principally through the stock monitoring programme. Each stock's ability to deliver sustainable dividend growth is assessed at least annually through an in-depth analysis of company financials, such as accounting policies, key sensitivities, and risks; products, customers, and competitive position; the long-term growth drivers and demand trends for the industry; management's strategy and governance, comparing it to past policy and outcomes; environmental and social practice; and ESG risks and opportunities.

Members of the investment team will regularly partake in meetings and/or calls with company management, sharing insights within the team and with the wider firm. All company interactions are tracked and reviewed by the Investment Committee. We also write formally to investee companies on any issues raised by the stock monitoring programme, aiming to write to between four and five companies per quarter. This means that we can engage with and, importantly, monitor change in all investee companies over a three-year period.

Dundas is a small firm investing predominantly in large companies; therefore, we tend to be a small proportion of the shareholder base. Since the inception of our investment strategy in 2012, we have never been made insiders and would much prefer not to be privy to sensitive information. As a firm we seek to utilise publicly available information to conduct our in-house investment research to the point of not using sell side analysis.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Dundas aims to engage with investee companies first before deciding to escalate stewardship activities. Concerns relating to governance, environmental or social issues are typically raised with the Chair of the Board and/or chairs of the relevant sub-committees. Issues on company strategy or financials are typically raised with the executive team. While each decision is assessed on a case-by-case basis, there are several instances where we may engage with and/or vote against management, including but not limited to investee companies with dual CEO and Chair roles, overboarding, long average board tenure, a lack of board or committee independence, and perceived conflicts of interest between management and an external auditor.

On occasion, if engagements fail to come to a resolve, Dundas may need to escalate stewardship activities. Escalation options we may consider are as follows:

- Correspondence and/or meetings with company executives or the Chair;
- Voting against director re-election;
- Voting against the board;
- Collaborating with other investors;
- Divestment or a reduction in our shareholding.

While interactions are confidential, we provide summaries of stewardship activity to clients and in our annual report to the United Nations-backed Principles for Responsible Investment (PRI).

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.

Dundas maintains good relationships with other institutional investors. We understand that the impact of engagement and voting can be amplified by collaboration. Dundas will initiate and/or support collaborations that we believe to be relevant to our clients' portfolio holdings and our investment philosophy. For example, instances where we lack sufficient shareholding to be heard or initiate change, following multiple unsuccessful engagement attempts, or to raise awareness of ESG issues broader than at the company-level.

Members of the investment team are the appropriate contacts for any collaboration proposals.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.

Members of the investment team are responsible for reviewing proposals, approving votes, and reporting this internally. Dundas has engaged Institutional Shareholder Services Inc. (ISS) to support the processing and management portions of the proxy process. ISS receives the proxy ballots, execute votes on the firm's behalf, maintain voting records, and provide comprehensive reports on all votes cast.

We will generally vote according to the ISS Global Voting Principles which provide for four key tenets on accountability, stewardship, independence, and transparency, considering relevant laws, customs, and best practice codes of each market and region. In any instance where we believe that voting according to an ISS recommendation would not be aligned with a client's best interest, we will make the final voting decision, except for any client who has a custom policy. If common and recurring themes of disagreement with ISS recommendations are identified over time, the Investment Committee may develop a custom policy.

Dundas does not partake in securities lending. As a boutique investment manager, we focus all attention on stock research, portfolio construction, and stock monitoring, which we believe delivers the most value to our clients.

Our full Proxy Voting and Engagement Policy and Proxy Vote Summary (with proxy voting decisions and rationale) are available on the firm's website (www.dundasglobal.com).

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

Dundas is accountable to our clients and their advisers on stewardship and voting activities. We provide updates in our quarterly reporting, including the outcomes of stock monitoring and engagement. Reporting on voting activity is provided to clients on request and summarised in an annual disclosure available on the firm's website (www.dundasglobal.com). As a signatory to the PRI, we report annually on our progress in upholding its six principles and disclose this publicly.

The majority of our assets under management are institutional. This means those asset owners (and their advisers) subject Dundas to comprehensive audit and scrutiny along with regular onsite contact and due diligence. Taken together we feel this level of oversight provides sufficient assurance of our reporting.

As of 21.04.2020