

The UK Stewardship Code

Statement of Compliance

Longview Partners is a specialist asset management company, focused entirely on the management of Global Equity portfolios. As fiduciaries of our clients' assets, Longview strives to invest in companies that adopt and pursue responsible business practices and are fully accountable to their shareholders. We believe that companies with good corporate governance are more likely to deliver sustainable, long-term value to their shareholders and it is in these companies that our investments are focused.

The UK Stewardship Code, ("the Code"), sets out a number of principles relating to good practice in engagement by investors with UK companies. At Longview Partners, corporate governance is important in our assessment of the 'Quality' ranking of any potential equity investment that we make on behalf of our clients. We set out below how Longview Partners applies the principles of the Code.

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

We seek to consistently generate alpha through investing in a concentrated portfolio of global companies, within an absolute return framework. Our bottom-up approach invests in high quality companies with strong business fundamentals and attractive cash-based valuations. Longview's transparent and robust investment process is highly disciplined. The process is bound by strict investment criteria, ensuring that only quality companies, with solid business fundamentals and attractive cash-based valuations, are purchased.

At Longview Partners, we have an integrated approach to evaluating Environmental, Social and Governance (ESG) risks and opportunities. The Longview Research team is made up of high calibre investment professionals who are tasked with analysing stocks in line with our fundamental, analytical and bottom-up research process. Each company we analyse is allocated to a specific research analyst. Although our research professionals have core skills and areas of expertise, they work as generalists. This allows them to approach analysis without being blinkered by convention. It also allows the research analysts to work as a team; having the ability to challenge each other, or to offer different perspectives to understanding and analysing a company's business model.

As set out in our Responsible Investment Policy, assessing the significance of environmental and governance related risks and opportunities are an integral part of our bottom-up research process. Governance issues are considered within our Quality rating. The key element of this analysis is the company's treatment of shareholders and its use of capital. On environmental matters, we believe that a lack of consideration for environmental issues can negatively impact the growth of a business and its long and short-term profitability. With regards to social issues, we take direction from clients as to whether it is deemed appropriate to own certain companies in their portfolio.

The discharge of our stewardship responsibilities is inherent in our rigorous research process. We have in-depth discussions with each company prior to investment and maintain an ongoing dialogue once invested to evaluate the effectiveness of company's management on corporate governance issues. A large part of our research effort is focused on understanding how the company's management has created value for shareholders in the past and how management will continue to do so in the future. In our company meetings we discuss strategy and corporate responsibility issues with board directors and executives, as we believe that these factors affect the potential for a company to deliver long-term sustainable value to shareholders. Such factors include; remuneration, finance, climate change, reputation and litigation risks, deployment of capital and energy efficiency.

As mentioned above, the primary focus of Longview's investment process is to understand the quality of a company and the value of the cash-flows that it can generate. Within our analysis of quality, a large focus is on understanding management's approach to the reinvestment of cash generated and balance sheet management. We do not seek to prescribe a specific approach, rather we ask management to be thoughtful of their actions and to show that due consideration has been given to all options, with an aim of maximising shareholder returns. If we believe management has a poor track record of doing this or inappropriate plans for the future, we will not invest in a company, even if it has other positive investment merits.

Our policy on the exercise of voting rights on behalf of our clients is outlined in our Shareholder Activism Policy. On behalf of our Institutional clients we employ the services of the voting agency Glass Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. To inform their research, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators, companies directly or other forms of direct procurement. Glass Lewis votes on our clients' behalf at all relevant company meetings.

Longview's Responsible Investment Policy, Shareholder Activism Policy and Conflicts of Interest Policy are all publicly disclosed on our website.

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.

We do not believe there are any potential conflicts of interest that could arise as a result of our ownership structure. Longview Partners LLP, acting through its General Partner, Longview Partners (UK) Limited, is a pure asset management firm and does not carry out any other activities which might influence our ability to invest assets in the best interests of the client.

Longview Partners seeks to always act in the best interests of our clients and where possible avoid conflicts, including those which may arise through voting or engagement. Occasions may arise where a conflict or perceived conflict of interest exists. In such instances, all reasonable steps are taken to ensure that we put the interests of our clients first, as outlined in our Conflicts of Interest Policy.

Examples of where conflicts of interest exist, or may potentially arise, include but are not limited to;

- Brokers: broker selection and payment of commission to brokers;
- Staff: personal account dealing undertaken by members of staff;
- Operations: Longview votes with its own interests which may conflict with the interests of clients.

All staff should notify Compliance if they think there is a conflict of interest or the potential for a conflict of interest. Compliance will investigate the concern and, if there is an actual or potential conflict of interest, it will discuss this with the relevant person(s). If it is felt the conflict of interest can be managed, Compliance will implement the appropriate systems and controls to mitigate the risk. If it is felt that the conflict of interest cannot be managed, then Compliance and relevant person(s) will decide whether the conflict should be disclosed to the client, or if the activity causing the conflict should cease.

If Longview manages assets for a company pension plan or related entity, Longview will respect client restrictions but beyond that will vote proxies in that company in the best interest of our clients and consistent with our voting policy and Glass Lewis' recommendations.

Principle 3: Institutional investors should monitor their investee companies.

Longview Partners believes that companies need to be managed in the interests of shareholders. Our investments are focused in companies with good corporate governance, as we believe these are more likely to deliver sustainable, long-term value to their shareholders. Integrated within our investment process is the consideration of risks and opportunities such as government legislation, industry dynamics, mergers and acquisitions and product development/innovation. When we meet company management, we engage with them on finance and remuneration schemes, as well as strategy and performance expectations, such as their capital deployment strategy and any other issues and risks facing the business. Longview's Research team will evaluate the effectiveness of a company's management and if its past, current or anticipated behaviour is judged to be adverse to its future value, these concerns are addressed in our fundamental research and investment process. Poor performance on corporate governance would be reflected in our longer term Quality rating that we assign to companies. Any concerns that we have with company practices would be proactively addressed with management in order to protect shareholder value.

On an ongoing basis, we encourage high standards of corporate governance when we meet with senior management of a company, as we recognise that both financial and governance issues can affect the sustainability and long-term performance of the company. Our research analysts meet approximately 100 companies a year, including companies we are looking to invest in, as well as the management of competitor companies, their suppliers and distributors. Internal analysis is carried out by Longview's research analysts and accounts for all investment decisions.

We engage with companies on corporate governance issues as part of our overall investment strategy and we incorporate the results from our engagement into our Quality criteria. "Engagement" to us means that we seek to meet with company board directors and executives to discuss strategy and corporate responsibility issues. We are comfortable discussing any contentious issues on company meeting agendas and have ongoing dialogue with management regarding the outlook of the business and the issues and risks affecting it. Consequently, we are able to evaluate any resulting management decisions and actions. We will also discuss the quality of the company's reporting as well as the finance and remuneration schemes and strongly support those that align management's interests with those of shareholders. Whilst we put our views forward strongly in these meetings, we do not consider ourselves activist. Ultimately, if after lengthy discussions we believed management was failing to act in shareholders' interests, we would reduce our Quality rating to Q3 and sell our holding in order to minimise the loss of shareholder value. We report on all such decisions to clients within our Quarterly Report.

Longview rarely sends a representative to attend General Meetings of companies. Our preference is for direct engagement with the management of the companies, in which we are invested, as we do not feel that attendance at these meetings would be the appropriate use of our investment resources.

Longview Partners does not encourage becoming an insider. In the unlikely event that we are made an insider or given material information that has not yet been published, we would follow our policy and procedure on Market Abuse.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

During the continual assessment of our investments, we have on-going dialogue with the management of companies, in which we are invested or may be invested. This is to ensure that these businesses continue to perform in line with our expectations and they are meeting reasonable governance hurdles. Company research on stocks in the portfolio is updated quarterly as standard, or on the publication of any material information regarding a specific company. We will closely review a company's performance, governance, remuneration and approach to

risk. Anything likely to cause a material change in the value of the business, or our Quality rating for the business, will be reviewed by the Research team.

If Longview becomes aware of a governance issue, or has concerns that the company's management is not acting in shareholders' interests, the relevant research analyst will contact the company to discuss the matter. The research analyst will make clear our concerns, as well as our expected level of performance regarding governance matters. In most circumstances this dialogue will be with the CEO or CFO of the company, however if more appropriate, we will contact the Chairman or Head of the Remuneration Committee. If the response from the company is deemed unsatisfactory then the issue will be highlighted specifically with the rest of the Research team and the CIO. At this point the team will decide whether the response requires escalation. If an issue is serious enough that it is deemed likely to cause a material change in our valuation of the business, or a reduction in our Quality rating, we will write to senior management, or express our views through robust discussions with the appropriate member of the management team. We are willing to challenge management in an attempt to protect and enhance the interests of our clients and will exercise our right to vote against management, where appropriate. Furthermore, and as mentioned previously, if after lengthy discussions we believed that management was failing to act in shareholders' interests, we would reduce our Quality rating to Q3 and sell our holding in order to minimise the loss of shareholder value.

As a concentrated long-term investor we often find company management appreciative of our input.

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

Our policy on engagement focuses on meetings and dialogue with company directors and management on a one-on-one basis. Collective engagement with other shareholders would be considered if we believed this would result in a more positive outcome for our clients, is consistent with our policies and procedures and meets all legal requirements. For example, collective engagement would be considered prior to an important company vote or potential M&A, where we felt that our ability to lobby other investors may result in a more positive outcome for our clients. However, we would anticipate collaboration at this level to be rare. All collaborative engagement would be reported to our clients within their Quarterly Report.

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

We carry out proxy voting for all institutional clients who request Longview Partners to be responsible for the implementation of their voting rights. In order to effectively meet these requirements, Longview engages Glass Lewis as described above. We believe Glass Lewis' expert and independent analysis on governance complements Longview's stock selection process. However, Longview Partners would advocate the exercising of votes, contrary to Glass Lewis policy where necessary and pursue objective and informed intervention in line with our Shareholder Activism Policy. This will often follow engagement between our Research team and the company, as explained above. For example, should our Research team receive an unsatisfactory response from company management, regarding a governance issue raised, we will exercise our right to vote against management where appropriate, in an attempt to protect and enhance the interests of our clients.

Proxy voting reports are provided on a quarterly basis to all clients on whose behalf we vote. These reports detail all votes cast during the period and also highlights any differences between Glass Lewis' and the company management's recommendations. The Longview Research team would discuss any such divergence from company recommendations with company management, at their request.

Given the concentrated nature of our portfolio, we believe it is in our client's best interests to preserve the confidentiality of our holdings and we therefore do not make voting activity data publicly available. Longview's Shareholder Activism Policy is available on our website.

Longview Partners does not engage in stock lending as part of our investment management activity for clients. However, our clients are able to engage in stock lending for their specific portfolio, through arrangements made directly with their custodian.

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

On a quarterly basis, Longview provides each client with a detailed client report within 15 days of the end of the quarter. We report to our institutional clients our stewardship activities, including details of any engagement with company management. We describe the nature of the engagement, who was present, the matter under review and details of any follow-up steps to be taken, where applicable.

Through our voting service provider, we are able to access and provide reports to our clients showing how their shares have been voted.

An independent audit is carried out to ensure we are conducting our activities in line with the AAF 01/06 standards. Part of the independent audit includes a review of the voting process. The AAF 01/06 report is available to existing clients of Longview Partners as per our engagement letter with our auditors.