

Kiltearn Partners LLP
FCA Ref: 540470
Stewardship Code Statement

This document describes how Kiltearn Partners LLP (“**Kiltearn**”) has applied the principles of the Financial Reporting Council’s (“**FRC’s**”) Stewardship Code (the “**Stewardship Code**”) in its role as a discretionary asset manager with respect to Client investments in both UK and non-UK publicly traded equity securities. This policy is normally reviewed and approved on an annual basis by Kiltearn’s Supervisory Group.

Becoming a signatory to the Stewardship Code is voluntary. Given the firm’s size, structure and the straightforward nature of its investment programme and in order to keep its business simple, Kiltearn has determined that it should not become a signatory to the Stewardship Code. Kiltearn has, however, deemed that this disclosure is sufficient from the perspective of complying with COBS 2.2.3 of the Financial Conduct Authority’s Handbook.

Kiltearn launched the Kiltearn Global Equity SRI Strategy (the “**SRI Strategy**”) in 2013. The SRI Strategy was established principally to accommodate investments by US investors looking to invest in a manner consistent with the guidelines for ethical investing developed by the United States Conference of Catholic Bishops and with concerns about companies involved in manufacturing, distributing, retailing, licensing and supplying certain products. The SRI Strategy employs substantially the same investment style, investment objectives, philosophy and proxy voting policy used by the Kiltearn’s Global Equity Strategy (the “**Global Equity Strategy**”). The Stewardship Code is consequently substantially relevant to the SRI Strategy. However, it is worth noting that Kiltearn eliminates the securities of certain companies from the SRI Strategy’s investment process using an MSCI screening product. Please contact Kiltearn’s Head of Marketing and Client Service, Ed Clarke (eclarke@kiltearnpartners.com) if you require more information on the SRI Strategy.

As a general rule, Kiltearn looks to ensure portfolio companies are run in the best interests of Kiltearn’s privately offered commingled funds and separate account clients (collectively defined as “**Clients**”).

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

Kiltearn has outlined its Proxy Voting Policy and Procedures as well as its Environment, Social and Governance Policy. Kiltearn actively monitors and, where it is deemed appropriate, engages in dialogue with its portfolio companies. Kiltearn’s belief is that active ownership – in the form of rigorous and long-term oriented analysis of investment prospects and holdings, proactive exercise of shareholder rights, and constructive engagement – can improve discipline, accountability, and long-term returns.

Proxy Voting Policy and Procedures

Kiltearn consider it to be of paramount importance when assessing proxy voting responsibilities on behalf of its Clients to recognize the fiduciary responsibility it assumes in acting as investment manager. Kiltearn also recognizes the need to exercise its proxy voting obligations with a view to enhancing its Client’s long term investment values. Kiltearn believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. It is Kiltearn’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 director’s 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” (discussed briefly below), or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option, management compensation, or incentive plan issues; and social and corporate responsibility considerations. Kiltearn 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 (1) of the Investment Manager’s privately offered commingled funds, a portfolio company or one (1) 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 an investor that is invested in one (1) of Kiltearn’s privately offered commingled funds (a “Unitholder”) 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. Kiltearn may not be aware of the roles performed for current and/or potential portfolio companies by Unitholders and separate account clients. Unitholders and separate account clients should notify Kiltearn of any known affiliations with publicly traded companies that could fall within the Investment Manager’s investment universe. Unitholders and separate account clients should also notify Kiltearn if they are actively involved in the financial services industry or affiliated with, or employed, by an investment bank, broker, custodian or asset management firm.

The Northern Trust Company (“Northern Trust”) acts as the custodian of Kiltearn’s privately offered commingled funds and holds all securities owned by these commingled funds for the benefit of their underlying investors. Northern Trust has outsourced certain of its proxy processing responsibilities to Broadridge, a leading provider of proxy voting services. Broadridge provides ballot information to ISS’ Proxy Exchange platform. ISS is also a leading provider of proxy voting services. ISS provides Kiltearn with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, recordkeeping and custom reports, and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between the Northern Trust and ISS and one (1) in place between Northern Trust and Kiltearn. Kiltearn does not outsource any part of its proxy voting decision making process to ISS, Broadridge or Northern Trust.

Separate accounts clients generally name their own custodians who may use a different provider of proxy processing services.

Following receipt of proxy voting materials from ISS, Kiltearn’s administration group prepare a “Proxy Voting Summary File” and prepares a simplified voting ballot. The file includes the details of the number of securities held by a Client, the deadline for the response and other information that may be of interest. If only standard issues are included on the proxy, one (1) authorized person will decide on how to vote the proxy and notify Kiltearn’s administration group. If material issues are included, enhanced procedures apply. The issue will be discussed with two (2) or more authorized personnel and they will assess the

potential impact that the issues may have on the portfolio company, and decide on how to vote the proxy in question. The proxy voting ballot will then be approved and the proxy vote processed.

In certain circumstances, Kiltearn may be unable to vote a specific proxy including (but not limited to) when Northern Trust or ISS does not provide a voting service in a given market, because Northern Trust 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. Kiltearn may also refrain from voting if, for example, it is considering liquidating a position, share blocking is a consideration, where the costs of voting a specific proxy outweigh the economic benefit that Kiltearn believes would be derived by the Client, where a specific class of securities or equity instrument does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the securities into the Client's (rather than Northern Trust's 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.

Unitholders and separate account clients are advised that when voting proxies in certain markets, Kiltearn 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 all shares may be held by one (1) nominee, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict Kiltearn from voting proxies where disclosures of holdings or securities under their control have not been made on a timely basis or in a format required under their articles of incorporation.

Long term separate account clients generally name their own custodians who may use a different provider of proxy processing services or retain the voting responsibility for shares held in their separate account.

Environmental, Social and Governance Policy

Kiltearn's investment decisions are based primarily on business and financial considerations. However, Kiltearn does take into account political, environmental and social issues if these are likely to have a material impact on a company's present or future financial position or cash flows or conflict with Kiltearn's ability to manage and develop investments. This approach enables Kiltearn to take into consideration appropriate risks, to make a balanced judgment on the investment opportunity and act in the best interests of its Clients.

Part of the process at Kiltearn includes a quality assessment of the business. This quality assessment helps inform the price we are willing to pay for a given company. Companies that depend on unsustainable businesses practices are likely to fall outside of our quality criteria. As a result, Kiltearn would see businesses that used enforced labour, child labour, uneconomic wage rates, and/or unsafe or harmful business practices (such as polluting or harming the environment), for example, as not being sustainable in perpetuity. These companies would likely suffer from falling rates of returns, leading to decreased normalised earnings making them unlikely investment candidates.

As an investment manager, Kiltearn needs to be aware of how and where our investee companies operate. However, Kiltearn recognises that ultimately the decision to operate legally, either directly or indirectly, in a controversial jurisdiction or industry, and the reputation risk involved, lies with the management of a company. These are important issues, but important alongside many others; including product positioning, financing, sustainability of cash flows, competitive threats, etc. In the end, these are all the responsibility of management, although they remain of keenest interest to Kiltearn as portfolio managers.

Kiltearn 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, Kiltearn adheres to the laws of the countries in which we do business and follows rules and regulations applied by official agencies in those countries. Kiltearn also expects that the companies in which we invest will do the same – and Kiltearn pay close regard to their record in this respect.

Kiltearn is not a signatory to the United Nations-supported Principles for Responsible Investment (“PRI”) or similar initiatives. This is not in any way a judgement on the PRI; Kiltearn simply looks to avoid signing up to voluntary initiatives as doing so increases the amount of internal monitoring and administration that is required to be done by the firm. This could, in turn, serve to distract Kiltearn from its core purpose: to generate investment returns for its Clients.

There have been circumstances in the past where Unitholders and separate account clients have expressed a preference for Kiltearn to focus its investment efforts on companies with particular characteristics (e.g., companies they considered to have a low carbon footprint or they deemed to be environmentally responsible) or cause its Clients to disinvest from companies involved in certain practices or manufacturing and supplying certain products. While Kiltearn recognises these concerns, ultimately we have an overriding duty to act in the best interests of all Clients when making investment decisions. All Unitholders and separate account clients may not share the same view and some may hold opposing views. Kiltearn has consequently not agreed to any Unitholder specific investment restrictions or criteria in relation to environmental, social and governance matters or caused its Clients to dispose of any existing holdings that meet our valuation and quality criteria. Further, Kiltearn does not accept Unitholder or separate account client direction on proxy voting or corporate governance issues.

Long-term separate account clients may impose their own investment restrictions on the securities that can be held in the separate account’s portfolio.

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

Kiltearn recognises the importance of identifying potential material conflicts and the need to have adequate systems and controls to avoid or mitigate their impact on Unitholders and Clients. Kiltearn has developed a policy for managing conflicts of interest associated with voting proxies (please see Kiltearn’s response to Principle 1 above for details of this policy) and engaging with investee companies (please see Kiltearn’s response to Principle 3 and 4 below for details of this policy). Kiltearn has outlined additional procedures in its internal compliance procedures. Where conflicts of interest arise, Kiltearn endeavours to ensure Clients continue to benefit equally from opportunities and will look to eliminate the conflict.

It is worth noting that if a publicly listed company or its retirement plan is a Unitholder or separate account client, the relationship has no bearing on Kiltearn’s investment perspective on the company nor on engagement with the company’s management.

The firm’s Conflicts of Interest Policy and Inventory is available on request.

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

Kiltearn takes an active approach to share ownership rights and responsibilities.

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

An Illustration of How These Policies are Applied

From January 1, 2017 to December 14, 2017, Kiltearn voted on motions at approximately 95 company meetings (AGMs, OGMs, SGMs and EGMs). Kiltearn voted against at least one of management's recommendations at approximately 55% of the meetings. Kiltearn deemed, on each occasion, that this was the best course of action to protect its Clients' interests. For example, on a number of occasions Kiltearn voted against proposals for the issuance of securities without pre-emptive rights for existing shareholders. The execution of these rights could result in significant dilution for existing shareholders, including our Clients, and result in the introduction of a sizeable new shareholder whose interests may not be aligned with existing shareholders. Further, a company made a recommendation to grant its board the ability to issue additional shares in the case of a takeover or merger (commonly referred to as a "poison pill"); Kiltearn voted against this mechanism, which is designed to evade takeovers. Amongst other proposals, Kiltearn also voted against management recommendations at meetings to elect certain directors and approve management's remuneration at a number of companies. Finally, Kiltearn may also, on occasion, contact a company's management and ask them to demonstrate how they will fulfil certain

fiduciary responsibilities to shareholders. For example, Kiltearn may require that a company's management publish detailed plans showing how they intend to improve the company's return on equity.

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

Meetings and other communications with investee companies provides Kiltearn the opportunity to discuss matters of a material nature. Kiltearn prefers to keep these discussions private and confidential as we believe that this enables Kiltearn to build an effective relationship with boards and management. However, if any concerns Kiltearn has are not suitably addressed during these discussions and where it is necessary to protect its Clients' investments, Kiltearn will consider the use of a more formal communication method, such as a letter setting out our concerns and our preferred course of action by the investment company in question, or engaging in more public communications and/or proxy activities. This may include voting against the management or board of an investee company or a given motion, issuing a press release documenting its opposition to a given issue, recommending to other shareholders that they take a specific action, introducing AGM and/or EGM motions and/or attending meetings in person.

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

It is Kiltearn's preference to engage with investee companies on an individual basis; however, subject to regulatory restrictions, conflicts of interest and acting in concert restrictions, and where it is in the best interests of our Clients to do so, Kiltearn will participate in collaborative engagement activities. These are considered on a case-by-case basis and addressed in the context of economic environment and other business issues. Kiltearn looks to avoid situations where it will become an insider unless there is a clear economic benefit to its Clients from doing so.

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

Kiltearn has documented its Proxy Voting Policy and published it in this document (see Kiltearn's response to Principle 1 above), in its SEC Form ADV Part 2 and the Offering Memorandum or Prospectus for its commingled funds.

Unitholders and separate account clients may receive quarterly summaries of proxies voted or not voted by contacting Kiltearn's Client Services representatives and asking to be included on the quarterly proxy voting summary distribution list. In order to protect the integrity of Kiltearn's investment programme and value of its Clients' portfolios, it is Kiltearn's policy not to publicly disclose information about securities held in its Clients' portfolios, except where required by law or regulation. This policy extends to the quarterly proxy voting summaries.

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

Kiltearn communicates with Unitholders and separate account clients through meetings and correspondence. As noted above, Unitholders and separate account clients may receive a quarterly summary of proxies voted or not voted by contacting Kiltearn's Client Services representatives and asking to be included on the quarterly proxy voting summary distribution list. Kiltearn does not provide other third parties with information on how it has voted proxies. Kiltearn does not subject its proxy voting systems and/or procedures to review by its auditors or any independent third (3rd) parties. Kiltearn

believes this to be unnecessary given the simplicity of Kiltearn's business structure and the sophistication of its institutional Client base.

Please contact Kiltearn's Compliance Group with any questions concerning this document or disclosure statement (compliancegroup@kiltearnpartners.com).