

NCM Stewardship Code Policy Statement as at 23.09.2016

Nestlé Capital Management Limited ("NCM") is an investment management company which is wholly owned by Nestlé SA. It manages assets for pension funds and other entities within the Nestlé Group. It is a UK firm which is regulated by the Financial Conduct Authority.

Its investment management activities are performed in accordance with the Statement of Investment Principles of its investor pension funds and/or the Investment Management Agreements between NCM and its clients.

NCM's main aim is to act in the long-term investment interests of its clients in accordance with the portfolio management mandates given to it by them. In the pursuit of this objective, the investment managers monitor and engage with the companies in which it invests on behalf of its clients. As part of this process, stewardship issues such as corporate governance and social responsibility are taken into account. Proxy voting is performed on behalf of its clients using the Broadridge Proxy Edge voting platform.

This statement reflects the current processes and policies which exist at NCM. In light of the Stewardship Code NCM has reviewed, and will continue to review, the implementation of each of the principles and have discussed, and will continue to discuss with its clients, the manner and extent to which they would like NCM to amend its activities to further support the Code.

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

NCM does not have a publicly available website. Therefore NCM has requested that the Financial Reporting Council ("FRC") publish this Policy Statement on the appropriate page on the FRC website.

NCM engages continuously with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. NCM believes this structured approach enhances and protects the long term investment interests of its clients.

As part of NCM's commitment to social and responsible investing (SRI), NCM and its key stakeholders, including its clients are engaged in developing and maintaining an SRI Policy, considering, amongst others, the social, environmental and ethical aspects of its core business.

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

NCM has an established Conflicts of Interest Policy which addresses the identification, management and disclosure of conflicts, including any which may arise relating to stewardship. The Policy is made available to all clients and is also contained within the firm's Compliance Manual. Where NCM encounters instances of a conflict of interest, resolution is sought in an objective manner.

For voting activities, NCM always votes in the best interest of its clients. Where NCM considers there to be a potential material conflict of interest on a particular voting resolution, it will consult with its client at the earliest opportunity.

3. Institutional investors should monitor their investee companies.

As part of the investment management process of NCM, portfolio managers have regular meetings with the management of investee companies to discuss a variety of matters including performance, future developments and strategy, and governance issues. Portfolio managers actively monitor investee companies performance and developments, both internally and in the respective industry. In addition, managers make use of industry research which includes information from third party brokers, company accounts, statements and published analysis. Portfolio managers seek open dialogue with any investee company where concerns are raised over issues including governance and performance.

It is NCM policy that it does not seek to receive inside information. NCM has an insider dealing policy which imposes that trading on any stock on which inside information has been received is not permitted until the information becomes public.

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.

If issues are identified which could potentially be damaging to the shareholder value, senior NCM management will consider the appropriate course of action to take on a case by case basis. Examples of issues where NCM may choose to intervene include aspects which contravene its own corporate principles or that of its parent company. This might involve further discussions with investee company management and board members, supporting a move towards collaborative action where initiated, or in more extreme cases, may result in disposal of stock holdings, if this is deemed to be in the best interest of the client.

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

NCM is willing to act collectively with other investors in support of an issue, where it feels that co-ordinated action would be beneficial to its clients' interests or whether the values of the investee company greater differs to that of its own, or that of its parent company. These values include but are not limited to governance, ethical and environmental aspects. The Head of Equities has responsibility for collective engagement activity at NCM.

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

Where NCM has been given proxy voting authority by clients, it implements voting decisions on all eligible meetings using the Broadridge ProxyEdge electronic voting platform. The primary consideration in making voting decisions is that they should support the best economic interests of the client. NCM will give weight to the recommendations of the company's management in making such decisions but will not support that position if it is not deemed to be in the client's best interests. NCM does not use any proxy voting advisory services. Where NCM is in disagreement with management on any voting item, portfolio managers will consider whether a meeting with the investee company would be appropriate.

NCM makes its voting records available to all its clients, reporting on how it has exercised votes on their behalf. It does not currently have the facility to disclose voting decisions in the public domain. Should any of its clients request public disclosure of voting activity, NCM will undertake to facilitate this at the earliest opportunity.

NCM does not engage in stock lending.

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

Stewardship activities are discussed within NCM periodically at senior management. Portfolio managers record and report on investee and potential investee company meetings which includes where it undertakes effective stewardship activities.

NCM reports to the Nestlé UK Pension Fund Investment Committee on voting activity on its behalf during each quarter. In addition, stewardship and voting information is available to all NCM clients whenever requested.