

WHEB Asset Management LLP - UK Stewardship Code Compliance Statement

Preface

The rules of the UK's Financial Conduct Authority ("FCA") require all FCA authorised asset managers such as WHEB Asset Management ("WHEBAM") to disclose the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Stewardship Code") or explain why the code is not appropriate to its business. WHEBAM is committed to the Stewardship Code as set out in this Compliance Statement.

The Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and applies on a "comply or explain" basis. The seven principles of the Code are that institutional investors should:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities;
2. Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship;
3. Monitor their investee companies;
4. Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value;
5. Be willing to act collectively with other investors where appropriate;
6. Have a clear policy on voting and disclosure of voting activity; and
7. Report periodically on their stewardship and voting activities.

WHEBAM invests the fund(s) that it manages ("funds") in the equity of publicly-listed companies that create economic value by providing solutions to critical sustainability challenges. WHEBAM believes that this underlying philosophy is consistent with the principles of the Stewardship Code and our statement of compliance with the seven principles of the Code is set out below.

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

- WHEBAM believes that companies that create economic value by providing solutions to critical sustainability challenges will be market winners over the long-term. All potential investee companies are reviewed to consider the extent to which they provide products and/or services that help address key social and environmental challenges. Management practices and corporate governance are also reviewed as a key aspect of company analysis.
- Where deemed appropriate based on the company's strategy and level of risk exposure to environmental, social or governance (ESG) issues, WHEBAM will engage with company management to encourage greater attention to the management and mitigation of these risks.
- Stewardship is fully integrated into the investment process. WHEBAM seeks to invest its funds in long-term positions and considers stewardship a key aspect of risk management.
- WHEBAM monitors the corporate events of its investee companies including annual and emergency general meetings and takes an active approach to voting the shares of investee companies held by its funds ("shares"). Weⁱ endeavour to exercise voting rights in accordance with the investment objectives and policies of the relevant Fund and publish a quarterly report on voting and wider company engagement activity.
- From time to time, we also use a range of third party service providers to support proxy voting and provide voting advisory services. When considering how to vote shares, we appraise the governance

standards of the relevant investee company and compare these with local market standards (such as the UK Corporate Governance Code for UK-listed companies).

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.

WHEBAM is committed to carrying out its business in compliance with the highest standards of corporate governance and integrity. We apply a consistent and transparent approach to the management of conflicts of interest. The central objective when reviewing which companies we engage, and how we engage and vote, is to act in the interests of clients and to treat all clients fairly. A copy of WHEBAM's conflicts of interest policy is available on request.

We will seek to minimise the incidence of material potential conflicts of interest, monitor such potential conflicts of interest, and prevent potential conflicts from becoming actual material conflicts. However, conflicts of interest may arise in the context of corporate governance and wider stewardship activity. Where a conflict arises or is likely to arise and we are not able to effectively manage that conflict, we will consult WHEBAM's independent Investment Advisory Committee to assist us in deciding how best to resolve and address the conflict. Subject to confidentiality obligations, the Investment Advisory Committee's views are published in summary minutes on the WHEBAM website.

In addition, we publish voting and engagement activity on a quarterly basis, providing additional transparency on how we exercise our stewardship responsibilities.

Principle 3: Institutional investors should monitor their investee companies

A critical input throughout the investment process is on-going engagement with investee companies and other stakeholders such as other investors, non-governmental organisations, policy-makers, academics and regulators in order to:

- Generate additional insights into company practice or into particular issues, which in turn feeds into investment decisions; and
- Improve investee companies' corporate management and performance over the long-term.

The WHEBAM investment monitoring process aims to identify problems at an early stage and in any case before investment. We regularly review investee companies to ensure that they remain appropriate investments for the relevant Fund(s). We actively monitor investee companies and where we identify issues of concern, we will enter into dialogue with management and will escalate where necessary (see Principle 4 below).

The monitoring process may include the following:

- Satisfying ourselves as to their environmental, social and governance (ESG) performance;
- Where appropriate, entering into dialogue with company management;
- Retaining thorough records of meetings with company management and of any votes cast and abstentions; and,
- Retaining records of reasons for voting against a company's management, for abstaining or for voting with management in a contentious situation.

We may also be provided with inside information and made an 'insider' by a listed company or their advisors on specific corporate actions. WHEBAM considers this to be permissible, but should happen on a controlled basis and with the prior consent of the Compliance Officer or a member of WHEBAM's Senior

Management. Should WHEBAM receive inside information, the relevant company will be placed on the restricted list and WHEBAM staff may not trade in (or arrange a transaction in the securities in) issuers on the restricted list, whether on personal account or on behalf of a Fund, without the prior written permission of the Compliance Officer which would normally only be provided following legal advice and in exceptional circumstances.

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

We take an active approach to making our views clear to companies and seeking improvements, prioritising companies where we believe we can catalyse real change in fostering a more progressive approach to sustainable business practices.

We will typically meet management and/or write to them to express our concerns on a confidential basis, and aim to give management sufficient time to engage with us and respond. If we are unable to resolve the matter, we may work with other institutional investors to put our concerns to the company and/or may use voting rights to effect change. Should these efforts be unsuccessful, we may reduce or sell investments in that investee company.

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

We will seek to collaborate with other institutional investors to effect change in investee companies where we consider it appropriate, consistent with the investment policy of the relevant Fund and having considered potential legal and regulatory consequences (including conflicts of interest and insider information).

We share our thinking and collaborate including in promoting sustainability issues to investee companies (e.g. through the UN-PRI Clearinghouse) as well as more generally by hosting, participating and/or speaking at conferences and seminars and through the WHEBAM blog.

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

We endeavour to exercise voting rights in accordance with the investment objectives and policies of the relevant Fund. We also take an active approach to voting Shares in investee companies in the best interests of the relevant Fund and where we intend to vote against the recommendation of the board of an investee company, it is our normal practice to inform them of our reasons for voting in this way.

We may use the services of proxy voting agencies to advise on voting policy and facilitate voting Shares listed on stock exchanges around the world. We currently use Institutional Shareholder Services (ISS) as our proxy voting agency. We endeavour to vote all Shares and report quarterly on our voting and wider engagement activity through the WHEBAM website.

Our policy is not to undertake stock lending from any WHEBAM Funds.

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

Transparency and accountability are central to WHEBAM's philosophy. We publish our voting on all investee companies and wider company engagement activity in a quarterly report which is available on the WHEBAM website. In addition, we also provide transparency around other aspects of our investment activities. This includes making available on the WHEBAM website:

- summary minutes of meetings of our independent Investment Advisory Committee;
- full Fund holdings every four months including investment rationales indicating why the stock fits the Fund's investment policy; and,
- a blog where we regularly comment on various aspects of our stewardship activities.

The implementation of the Stewardship Code and our broader engagement policy is overseen by the WHEBAM Investment and Risk Committee which includes the independent Chairman. We also report and discuss our voting and engagement with the independent Investment Advisory Committee. We believe that these activities give investors in WHEBAM Funds a clear picture of our stewardship and voting activities. Consequently, we do not currently plan to conduct a separate independent audit on WHEBAM's compliance with the Stewardship Code, but remain open to doing this in future.

For further details on any of the above information, please contact:

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ⁱ 'We' in this context refers to WHEB Asset Management ('WHEBAM').