Global Responsible Investment and Stewardship Policy and Principles

First Sentier Investors

1.0 Introduction

1.1 Our purpose and beliefs

First Sentier Investors is a global fund manager with experience across a range of asset classes and specialist investment sectors. We are stewards of assets managed on behalf of institutional investors, pension funds, wholesale distributors, investment platforms, financial advisers and their clients worldwide.

Our purpose is to deliver sustainable investment success for the benefit of our clients, employees, society and our shareholder and our vision is to be a provider of world-leading investment expertise and client solutions, led by our responsible investment principles and based on our core values: Care, Openness, Collaboration and Dedication.

We recognise that as allocators of capital, stewards of our clients' assets and as active shareholders in companies on their behalf, the individual and collective decisions we make as investors have far-reaching implications. While our business is to protect and enhance the value of our clients' assets, we are aware of our wider responsibilities, such as upholding the quality and integrity of the financial markets we invest in and the allocation of capital to productive purposes that contribute to a sustainable economy and society. We firmly believe that an emphasis on stewardship underpins the quality of our investment process and is part of our broader social licence to operate.

Whilst each team has its own distinct investment process, they all share a commitment to responsible investment and stewardship (RI). Together we aspire to be a global leader in responsible investment and stewardship practices and believe that our diverse investment teams are a key strength in achieving that aim.

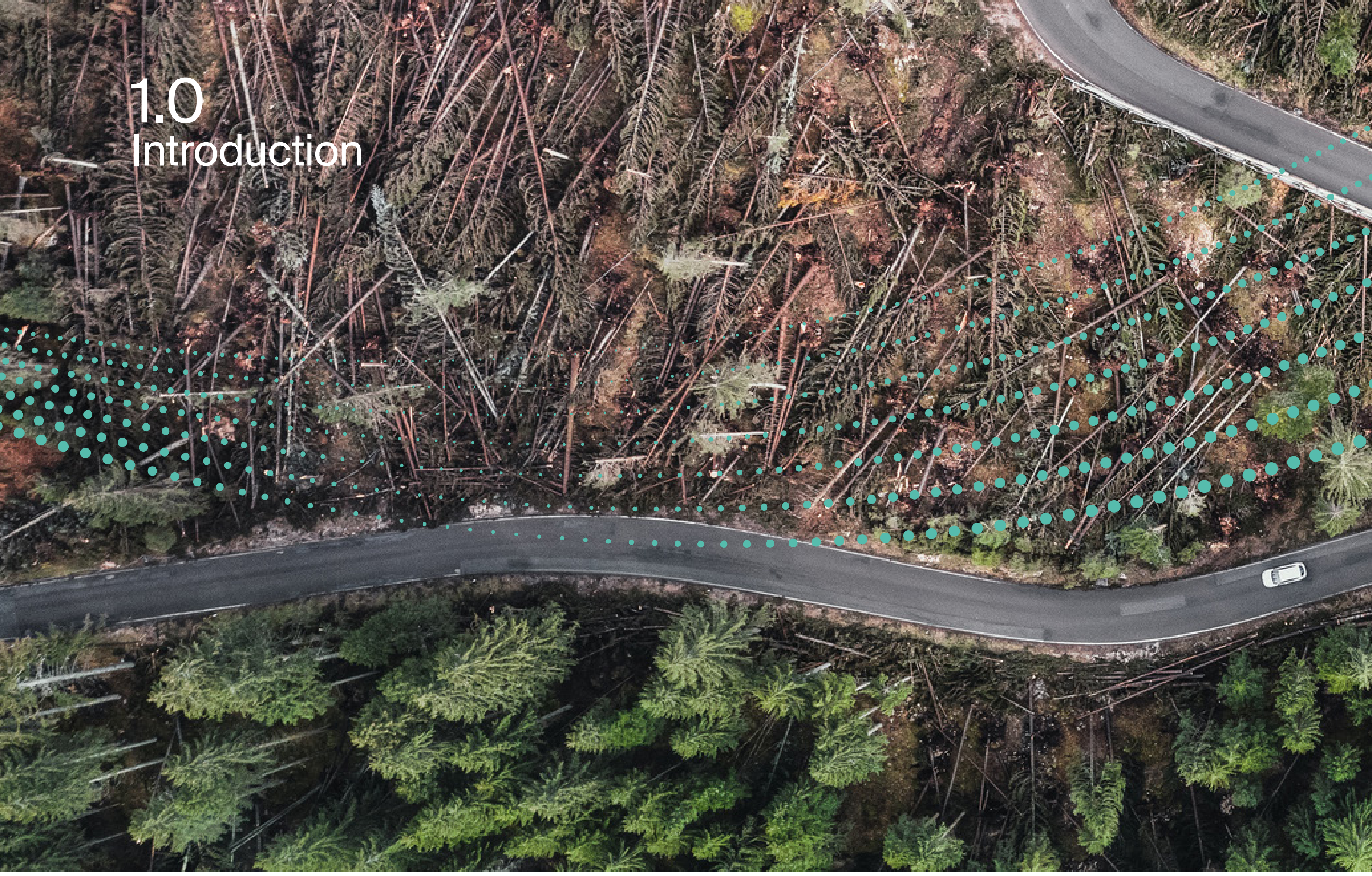
As a firm, we hold the following beliefs on Environmental, Social and Governance (ESG) issues:

- ESG issues are sources of long-term risk and return therefore considering ESG issues leads to better analyses and investment decisions.
- The execution of ownership rights can increase performance and lower risk over time, assets with well-managed ESG factors will produce higher risk-adjusted returns over the long term.
- Integrating ESG in all mandates enhances the quality of our investment processes as ESG issues, when poorly managed, will create long-term material impacts for society and the environment.

Sustainability in investing is broader than only considering ESG factors. This document sets out the group-wide requirements that all of our investment professionals are expected to meet and recognises that responsible investment practices continue to evolve and that appropriate approaches to responsible investment and stewardship will differ between asset classes, industries, and individual investments. These principles replace our Global Stewardship Principles, the guidelines and principles for corporate engagement on governance, environmental and social issues, the policy on cluster munitions and anti-personnel mines and the tobacco exclusion policy.

These principles[1] have been approved by FSI's Global Responsible Investment Steering Group and is to be reviewed at least every two years. FSI's Internal audit and Investment Assurance functions will test compliance with the policy on a regular basis.

1. These Principles should be construed as a "policy" for the purposes of compliance with the EU Shareholder Rights Directive II



1.0 Introduction

1.2 What Responsible Investment & Stewardship means to us

RI often focuses on the consideration of ESG factors in investment decision-making and active ownership practices. While this is critically important, we believe that effective and credible approaches to responsible investment must rest on foundations of a strong stewardship culture and mind-set, engaged people, quality investment processes and responsible and ethical business conduct.

The following principles are designed to act as a guide for all investment professionals when confronted with issues not specifically covered in this document:

- Excellence in RI is a key to being a world-class asset manager that clients can trust.
- Companies that recognise their responsibilities for environmental stewardship, positive societal engagement and strong corporate governance can reduce investment risk and add value over time.
- It is part of our fiduciary duty to proactively assess ESG factors as part of our investment process and to be active owners of our clients' assets.
- Entering into dialogue with companies in order to achieve positive ESG outcomes will deliver better value with lower risk over the long-term.
- Proxy voting is an important investor right and responsibility and should be exercised wherever possible. As active owners of our clients' funds, we must exercise the ownership rights and vote every share where we have the ability and authority to do so.
- It is our responsibility to work for the benefit of our clients, constructively with our clients, consultants, our peers, regulators and other stakeholders to:
- Encourage long-term investing and sustainable high quality financial markets;
- Encourage the allocation of capital to sustainable business activities; and to
- Contribute to the development of higher industry standards of responsible investment and stewardship practices.
- We must measure and report on the ESG outcomes of our investments as evidence of our approach to responsible asset management.

1.3 Our approach to climate change

We accept the science of climate change and support the global transition to net zero emissions in line with the goals of the Paris Agreement. As investors, we understand this will impact different assets in different ways, both in relation to their contribution to climate change in the form of greenhouse gas emissions, but also their exposure to changes occurring in the physical environment and changes occurring in the regulatory and operating environment. We report in line with the Task Force for Climate-Related Financial Disclosure's recommendations and encourage the companies that we invest in to do the same.

The key elements of the FSI Responsible Investment Strategy directly related to climate change are set out in our Climate Change Statement, available on our website in the Responsible Investment section.

1.4 Our approach to Deforestation

We recognise the role that forests play in mitigating climate change and protecting biodiversity and forest reliant economies. We also recognise the negative climate impact of deforestation driven by the over exploitation of high-risk commodities such as palm oil, soy, cattle and timber. While we accept that there is positive economic benefit of such activities, we believe that unsustainable practices pose significant environmental, social and investment risks. This includes exposure to derivatives linked to these high-risk commodities.

FSI does not wish to provide capital to supporting unsustainable business activities that contribute to deforestation, fail to protect high value forest and/or land or systematically violate land rights or the rights of local communities.

Where we believe that our clients' capital may be exposed to such activities, we will engage with companies with the expectation that they will eliminate such exposures within their direct activities and supply chains. We will also encourage and expect companies to adopt and participate in internationally accepted standards and certification programs.

1.5 Our approach to the Sustainable Development Goals

We support the Sustainable Development Goals (SDGs) and believe that investors have an important role to play in allocating capital towards meeting these goals. In addition, we believe that the SDGs serve as a good framework for measuring how our investments and how we as an organisation contribute to sustainable development, which is a priority for us moving forward.

1.6 Our approach to Human Rights and Modern Slavery risks

Human rights is a complex issue attracting increasing levels of scrutiny and which can affect multiple asset classes. Corporations have legal, moral and commercial responsibilities to respect human rights and manage the human rights impacts of their operations. They are not only expected to meet their human rights responsibilities, but may face reputational, legal or other consequences if they fail to do so. As an investor in these businesses on behalf of our clients, it is imperative that we fully understand the risks and seek to mitigate them.

The key elements of our RI strategy directly related to human rights and modern slavery are set out in our Human Rights Toolkit and Modern Slavery Toolkit.

1.7 Internal governance

Over 50 people across our global organisation are part of our responsible investment and stewardship governance structure which includes the following key features:

- Responsible Investment Steering Group: chaired by our CEO, this group is responsible for setting the direction and strategy for RI and approval of the policy framework.
- Specialist RI Team: this team engages with and coordinates the entire business to deliver the RI strategy.
- Global Investment Committee: chaired by the CEO and including our Chief Investment Officer, the committee is responsible for monitoring investment risks and receives reporting on ESG risks and issues for investment teams and portfolios.
- ESG Impacts Committee: comprising representatives from each investment team (RI Representatives), the ESG Impacts Committee is a forum for identifying research areas to deepen our understanding of how ESG issues impact investment and business performance. The focus is on crosscutting issues that affect multiple investment teams, such as climate change and human rights risks and creating working groups to consider and deepen our knowledge of these issues. The RI Representatives are a key pillar of our governance strategy.

We recognise our responsibility to be transparent and accountable, and report on our approach and progress both internally to the groups and committees listed above, and externally primarily through our annual responsible investment and stewardship report and our website.

Conflicts of interest

Conflicts of interest can arise from the interaction between different business units and affiliates of FSI, their clients, external parties and personal conflicts with employees. Conflicts can also occur between FSI and our shareholder, Mitsubishi UFJ Trust and Banking Corporation, a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Inc.[2] Where the interests of these stakeholders are different, this can create a conflict of interest, which need to be managed fairly.

A conflict of interest may arise where:

- FSI's interest conflicts with its duty to its clients;
- FSI's interest to one client conflicts with its duty to another client; and where
- FSI owes a duty of confidentiality to one party but has the obligation to have undivided loyalty to all its clients.

All employees are required to understand conflicts of interest, how they may arise and what should be done when conflicts are identified. The overarching approach to be followed by all employees on managing a conflict of interest is as follows:

Identify
Understand what a conflict is and how it may arise in relation to our day to day responsibilities and activities.

Act
Act in a manner aligned with the principles set out in FSI's policies and procedures to manage identified conflicts.

Report
All actual and potential conflicts must be recorded in their business unit's conflicts of interest registers.

The FSI Regulatory Compliance teams assist in the identification and monitoring of actual and potential conflicts of interest whilst also maintaining a record of any conflicts of interest.

Where a conflict of interest or a potential conflict of interest is identified, the appropriate course of action to ensure fair treatment of clients may include:

- Disclosure of the interest to clients; for instance in investment management agreements disclosure that we act for more than one client and we will seek to treat each fairly.
- Rely on a policy of independence; for instance where FSI is acting for both sides of a transaction i.e. "agency cross" ensure that terms of the transaction are normal commercial terms.
- Establish internal arrangements; for instance preventing the transfer of information internally by implementing information barriers.
- If necessary, decline to act for a client.

In recognition of this, FSI maintains and implements a conflicts of interest policy. This policy outlines how we define, monitor, escalate and resolve potential conflicts. Our conflicts of interest policy is available on our website in the Responsible Investment section.

2. In order to comply with the regulatory requirements of the US Federal Reserve Board, FSI US is held under MUFG Americas Holdings Corporation.

2.0 Responsible Investment Process

2.1 Integration of ESG issues into investment decision-making

The integration of ESG factors into the investment process is an integral component of our responsible investment practices. Within FSI, there is not one standard approach to ESG integration. For some investment teams it is achieved through the inclusion of an ESG score or rating to refine their investment universe, for others it is integrated into the assessment of management quality and for others it is integrated into valuation methods. While we subscribe to ESG research from a series of third party providers (currently Sustainalytics, MSCI and Reprisk) for the most part our primary source of information is achieved through the analysis conducted by our investment teams. A key component of this analysis for our active equity teams is company engagement. Each team's approach to ESG integration is articulated in our responsible investment and stewardship report.

2.1.1 Our investment teams commit that:

- Every active investment should be assessed for relevant ESG risks and opportunities and the results of this assessment documented.
- ESG risks that are relevant at both an operational level (e.g. pollution, human capital management) and at a strategic level (e.g. resource constraints, regulatory change) are considered in the investment analysis.
- Investments in companies that have a record of poor quality governance practices and systematic breaches of environmental and social standards that are expected to continue are not acceptable as they pose uncontrollable risks to our clients' capital.
- Where companies are confronted from time to time with social, environmental or corporate governance issues, investment professionals should establish the willingness and ability of the company to improve its practices prior to and post investment and seek to engage the company on any outstanding issues.
- Where material issues are identified which are not being appropriately addressed these should be raised with the company. If the company does not have a satisfactory response further engagement should be attempted and if issues are still not resolved, other options such as votes against directors, collaboration with other investors or ultimately selling of securities will be considered.

2.0
Reponsible Investment Process

2.2 Corporate Engagement

Engaging in an active dialogue with the companies or entities that we invest in is an important activity as it provides a key opportunity to improve our understanding of their business, and monitor material business issues including strategy, capital allocation and financials as well as their approach to environmental, social and governance matters, and enables us to influence them to improve these practices.

The breadth, depth and frequency of engagement will vary significantly based on a variety of factors including the risks and opportunities faced by the company, the opportunity and willingness to engage by the company, and the size or nature of the investment. Given the varying nature of the asset classes we manage, the geographies in which they operate and the size of our holdings, each of our investment teams' engagement approaches are tailored to individual companies and the specific issues in question.

2.2.1 Our investment teams commit that:

- Where they are in a position to engage with a company's management and board they should do so with the objectives to:
- Build a respectful, constructive and long-term dialogue with a company's management and board on the performance and strategy of the company (including on material ESG issues).
- Understand the company's approach to managing key business risks and opportunities to support better investment decision-making.
- Make clear expectations for improvements in the company's practices and the importance of the company demonstrating those improvements.
- Raise any material ESG issues identified.
- Engagement should emphasise our long-term investment horizon and avoid encouraging short-term behaviours by company management that aim to maximise corporate revenue without due consideration of the impacts on stakeholders, the environment and society.
- To ensure that we have adequate information to assess the value at risk, we will encourage and recommend companies to disclose their material ESG risks and performance in keeping with widely adopted and emerging global standards. This may include but is not limited to the Task Force on Climate-related Financial Disclosures' reporting framework, the Global Reporting Initiative framework for sustainability reporting, the SASB Materiality Map and reporting on contribution to the SDGs.
- Where a company is not recognising or addressing, an engagement strategy with defined SMART objectives and escalation points shall be developed.
- All meetings must be logged with any issues raised to be documented for follow up. Progress against SMART objectives shall be reviewed periodically.
- Investment teams shall engage collectively with other teams and investors where appropriate subject to complying with fiduciary, market conduct and relevant regulatory obligations and where this does not involve sharing competitively sensitive information.

2.3 Proxy voting

We believe proxy voting is an important investor right and responsibility and should be exercised wherever possible. In addition, the ability to vote strengthens our position when engaging with investee companies and supports the stewardship of our clients' investments. Voting rights (along with other rights attached to shares, for example pre-emption rights) are a valuable asset which should be managed with the same care and diligence as other assets on behalf of our clients.

FSI obtains recommendations from a selection of proxy voting advisers (currently Glass Lewis and Ownership Matters); however, our investment teams retain full control of their voting decisions and may not always follow the guidance issued by the providers. FSI will regularly monitor the performance of its proxy voting advisers. This review includes: organisation, security & cyber security, compliance & risk, governance, training & competency, disaster recovery, service delivery and business ethics.

The head of each asset class or delegate is responsible for ensuring that all company resolutions are reviewed and an appropriate and consistent recommendation is made in line with the corporate governance guidelines and principles as outlined in this document. Records of all votes cast are disclosed on our website www.firstsentierinvestors.com in the Responsible Investment section.

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Reponsible Investment Process

2.3.1 Securities lending

We do not initiate or actively participate in securities lending as amongst others it does not allow us to fulfil our voting rights and responsibilities.

2.3.2 Voting on environmental and social issues

Most engagement activity pertaining to environmental and social issues occurs directly with management of the company. Where an investment team has been engaging with a company on an environmental and social issue and does not feel that the company is making progress against the defined objectives outlined as part of the engagement strategy, the team shall consider supporting shareholder resolutions related to the issue and/or voting against directors. The investment team may also consider filing or co-filing a shareholder resolution.

The ESG guidelines and principles contained in this document shall be used to assist decision-making and company engagement activities across all our various funds. However, given the independent manner in which FSI's various funds are governed and managed, it is nevertheless possible for managers to vote differently on and have different perspectives about company ESG performance.

2.3.3 Our investment teams commit that:

- They shall vote on all resolutions at company meetings where they have the authority to do so.
- When an investment team intends to vote against the company's recommendation on a substantial or contentious proposal, best endeavours should be made to inform the company beforehand to explain the reasons for the decision with a view to achieving a satisfactory outcome.
- Where a vote against a proposal is submitted, the reason for the negative vote shall be documented in the voting system.
- All votes shall be made in the best long-term interest of the unit holders and clients.
- Investment teams shall consider the merits of all resolutions put forward, regardless of the proponents of the resolution.
- Where there are multiple parts to a resolution, the investment teams shall consider both the individual merits of each part of the resolution, as well as the impact of the resolution as a whole.

See Appendix 1 for a list of examples of voting issues and our current position.

2.4 Investment Screens

We do not generally use firm-level negative screens in our approach to responsible investment. In general we may choose to implement exclusionary screens at product level, or based on specific criteria requested via individual client mandates.

However, a key part of our approach to responsible investment includes commitments to:

- support and uphold fundamental principles of human rights;
- support international norms and standards enshrined in widely adopted treaties, conventions and codes of practice; and
- uphold the highest standards of environmental stewardship.

Exceptionally, where a company's activities conflict with these commitments, we may implement a company-wide ban on investment (in both equity and debt) in certain sectors or companies. Such a decision is taken by the RI Steering Group taking into account the factors outlined above, together with our fiduciary duty, client sentiment and long-term sustainability and investment risk.

Two critical areas where we have implemented this are on investment in companies involved in the manufacture of certain types of controversial weapons (anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, certain nuclear weapons and white phosphorus munitions), and companies whose primary business is the manufacture of cigarettes and other tobacco products. All investment teams (covering all products, regions and asset classes) are prohibited from investing in companies involved in the manufacture of controversial weapons[1] (as defined above), and companies whose primary business is the manufacture of cigarettes and tobacco products.[2] The RI team in collaboration with the compliance team manages the implementation of this policy.

The list of excluded companies is based on research from credible third parties in the case of the manufacture of cluster munitions and antipersonnel mines, and those companies whose primary business is the manufacture of cigarettes and other tobacco products in the countries in which we invest in the case of the manufacture of cigarettes and tobacco products. This list is reviewed annually by the RI Team and endorsed by the RI Steering Group and published on our website.

1. This includes all companies that manufacture controversial weapons and entities that own more than 50% of controversial weapons manufacturers, with an effective 0% revenue threshold. This does not extend to minority investments, where a parent company owns less than 50% of a company.
2. This includes all companies that are involved in the production of tobacco and tobacco-based products, with an effective 0% revenue threshold. This does not extend to minority investments, where a parent company owns less than 50% of a company.

2.0
Reponsible Investment Process

2.5 Asset class specific considerations

We have developed these Principles to universally apply to all investment teams and professionals but recognise that different asset classes, sectors and geographies provide unique opportunities for implementation and to demonstrate our strengths as responsible investors. Specifically:

- In addition to engagement with companies, fixed income and credit teams have opportunities to engage with counterparties, credit rating agencies, and government, semi-government and supra-national issuers. Fixed income investors should be proactive in engaging with those parties who can influence long-term investment outcomes.
- Our direct Infrastructure team takes significant stakes in assets that usually include board representation, which enables the team to actively manage and influence ESG issues throughout the lifecycle of the investment process. The team has developed specific guidelines in line with these RI and Stewardship Principles.
- Systematic or rules-based investment strategies are expected to:
- Exercise their ownership rights, particularly as they relate to proxy voting and develop their own policy in line with these RI and Stewardship Principles.
- Engage with companies either directly or by considering collaborative engagement opportunities (either internally with other investment teams or externally).
- Produce relevant research and other thought leadership that can support clients to incorporate ESG and other non-financial factors in their investment mandates.
- Develop alternative investment strategies that more fully incorporate responsible investment principles.
- Multi-asset / macro strategies tend to invest in other funds or derivatives. Whilst they do not have as much opportunity to exercise these RI and Stewardship Principles over the underlying assets as other teams they are expected to:
- Develop their own capability documents in line with our RI and Stewardship principles. Supported by producing relevant research and welcoming all industry, investor and academic research as part of our commitment to support clients to incorporate ESG and other non-financial factors in their investment mandates.
- Exercise their ownership rights, particularly as they relate to proxy voting where equities are directly held and develop their own policy/approach in line with our RI and Stewardship principles.
- Consider the impact of ESG and other issues at the macro level, particularly as they relate to countries, regions and sectors of the economy and incorporate these into their investment decision-making.
- Consider the effect of derivatives and other financial instruments on the underlying markets/assets.
- In selecting underlying managers, ensure they meet high standards of professional conduct, stewardship, and responsible investment discussed in this policy.

3.0 Learning and development

We are committed to fostering a culture that supports principles of stewardship and responsibility and focusses on increasing employee engagement with RI. Moving forward, a priority of our Responsible Investment Learning & Development Group is to define a new approach to learning and development across four key parts of the business:

- Leadership team and non-executive directors
- Investment teams
- Distribution, marketing and product teams
- Operational teams

In addition to our formal training programme, investment team members receive practical training through participation in the ESG Impacts Committee and working groups and regular contact with the specialised RI team.

4.0 Industry collaboration and policy advocacy

We believe that it is our responsibility to engage in public policy debates and industry initiatives on RI topics in line with our clients' interests where we have relevant experience. Issues we will seek to engage and collaborate on include:

- Development of best practices
- Quality of markets
- Understanding of ESG as sources of risk and return
- Enhancing our clients' interests and awareness of ESG issues
- Policy and regulatory developments
- Implementation of standards for company reporting on material ESG issues

A full list of initiatives that we engage with and support is listed in our annual responsible investment and stewardship report.

Appendix 1
Proxy voting guidelines

The following is a non-exhaustive list of illustrative examples of voting issues and our current position:

Board

- Directors/non-executive directors – we consider independence of a non-executive director to mean that they have not been former executives of the relevant company for a minimum of five (5) years and do not have a family or close personal relationship with an executive of the company.
- New directors – there should be a formal and transparent procedure for the appointment of new directors to a board. The Chairman and a majority of the members of the Nomination Committee should be non-executive directors.
- Number of board appointments – non-executive directors must balance their number of board appointments with their personal ability to provide a meaningful contribution to each board. Similarly, executive directors who have outside directorships need to ensure that their contribution to their current employer is not diminished.
- Removal of directors – we will not support changes to company constitutions that weaken the position of non-executive directors on the board.
- Retirement by rotation – with the exception of the Chief Executive, we expect all directors to seek re-election, with one third seeking election each year.
- Division of roles – in most cases the role of Chairman and Chief Executive should be split. We consider that board changes involving the Chief Executive becoming Chairman or executive directors becoming non-executive is acceptable only if there is a clear majority of independent directors.
- Executive/board misconduct – before supporting the appointment of a new director or the re-appointment of an existing director to a board, we will consider their qualifications and experience, including any instances of executive misconduct.
- Diversity – we expect that companies are able to demonstrate diversity of gender, age, ethnicity, sexuality and thought across their organisation and at board level. We are a member of the 30% Club Investor Working Group in Australia and our investment teams actively engage with companies to help achieve the objectives of this group. Where a company has no female directors, following unsuccessful engagement we will consider voting against any newly appointed male directors.
- Audit and remuneration committees – membership of an audit committee should be non-executive. Members of both committees should be listed in annual reports and identified on the notice of re-election of directors. It is preferred that only non-executive directors sit as members of the remuneration committee.

Ownership & Shareholder rights

- Political donations – we support the notion that companies should seek a mandate from shareholders before making political donations. Justification of political donations should be provided at the annual general meeting or in the annual report.
- Shareholder rights – in general, we will not support resolutions that propose: changes to the corporate structure that curtail shareholder rights (for example, the right to call a special meeting or the right to nominate director candidates); or changes to the capital structure that could dilute shareholders' voting and/or economic rights.

Remuneration

- Remuneration – we expect remuneration structures to be simple, long-term oriented, aligned with shareholder value/return, to encourage responsible risk taking and to the extent relevant embrace broader notions of 'success' (for example, contribution to corporate culture).
- Disclosure – we support the principle that there should be full disclosure of directors' total remuneration packages, including share options, fringe benefits and retirement benefits. We expect appropriate justification for levels of remuneration and the link of these to company objectives and performance from the Chairman of the Remuneration Committee.
- Termination payments – we believe that payments on termination of executive directors' contracts should not be excessive. In the case of poor performance, a statement of justification should be given. We may write to the Chairman of the Remuneration Committee to ask for details of compensation payments to departing executives if they are not published. Disclosure of any contingent liabilities should be made.

Environmental and social

- Environmental and social risks – we believe that well governed companies have appropriate environmental and social risk policies and management procedures in place. As part of the governance process, we expect boards to have oversight of these risks and policies, and executive management to be able to publicly report on these risks and their management and indicate where appropriate the potential impact on company earnings.
- Climate change – we support the global transition to net zero emissions in line with the goals of the Paris Agreement. We expect companies to be prepared for the transition to a low carbon economy and transparent about how they are preparing for this outcome. We will support climate-related proposals that request actions or additional disclosure in line with these statements where we feel that the company is not making sufficient progress.

Last Update Date: January 2022

IMPORTANT INFORMATION