

Mirabaud Asset Management Limited (“MAML”) Compliance with the Principles of the UK Stewardship Code.

September 2019

Introduction

The UK Stewardship Code, (“the Code”) issued by the Financial Reporting Council in July 2010 and last updated in September 2012 aims to enhance the quality of engagement between asset managers and investee companies to help improve long-term risk adjusted returns to shareholders and promote the efficient exercise of governance responsibilities.

This document sets out how MAML complies with the UK Stewardship Code. This document is available to download on the website at <https://www.mirabaud.com/fr/presence-internationale/country-detail/country/united-kingdom/>

MAML manages assets for a range of institutional clients (“segregated mandates”) and investment funds (“funds”). At MAML, we aim to act in the best interests of all our stakeholders by engaging with the investee companies. Not only is this commensurate with good market practice, it goes hand in hand with ensuring the responsible investment of our clients’ funds.

MAML adheres to the current UK Stewardship Code and this document primarily addresses how the wider Mirabaud Group stewardship, environmental, social and governance (“ESG”) activities are integrated into MAML’s strategies.

Mirabaud Group, is a signatory to the UN Principles of Responsible Investment and the Group’s approach is based on the best practices reflected in the OECD principles of Corporate Governance, the OECD Guidelines for Multinational enterprises, the ICGN Global Governance Principles and the UN Global Compact.

We have set out below our approaches to each of the seven principles of the Code, which have been approved specifically by the Board of Mirabaud Asset Management Limited. In addition, Mirabaud Asset Management (“MAM”) as a business line has issued the following policies:

- Engagement Policy which describes the engagement approach with investee committees made by portfolio managers and analysts within the MAM entities, including MAM Limited. This policy is published on the MAM website and can be accessed with the following link: https://www.mirabaud-am.com/fileadmin/user_upload/legal/Copyright_and_Legal/Mirabaud_AM_Engagement_Policy_EN.pdf
- Proxy Voting Policy which describes the process applicable to the exercise of voting rights. This policy is published on the MAM website and can be accessed *via* the following link https://vds.issgovernance.com/repo/8050/policy/Mirabaud_AM_Proxy_Voting_Policy_EN.pdf.

Principle 1

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

MAML’s approach to stewardship is publicly disclosed on our website. We have an investment manager led approach, aligned to investment considerations which is designed to enhance and protect our clients’ capital. It is supported by the MAM Engagement Policy, the MAM Proxy Voting Policy, as well as other Mirabaud Group commitments to sustainable development, which are detailed at the following link: <https://www.mirabaud.com/en/mirabaud-group/social-responsibility/overview/>.

The Senior Management Committee of MAML strengthens internal communication and dissemination of information on stewardship. It is at this forum where issues relating to UK Stewardship are escalated. This Committee is also responsible for reviewing MAML’s policies on stewardship and engagement, ensuring adherence to the company’s stewardship obligations and for evidencing MAML’s commitment to corporate governance at a local level within the wider sphere of both MAM and Mirabaud Group’s commitments.

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As an active investment manager, MAML seeks to deliver investment outperformance over the medium to longer term without exposing clients to unnecessary risk. Stewardship is an important factor, which underpins this objective. Investment managers are free to follow their convictions, selecting what they believe to be the best opportunities the market has to offer over the long term. Investment managers take the lead and are responsible for stewardship and engagement; this approach is consistent with MAML's active management philosophy.

Engagement with investee companies is a fundamental part of MAML's due diligence and investment approach. As an integral part of the investment process, MAML Investment Managers endeavour to participate regularly in meetings with company boards and senior management in order to understand a company's business strategy, use of shareholder capital and ESG practices.

As appropriate, Mirabaud will engage with and vote on issues affecting the long-term value of an investee company. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board effectiveness and succession, shareholder rights, corporate responsibility, culture and values (including diversity), and remuneration.

MAML does not use standing instructions for voting. The voting process is described in further detail within MAM's Proxy Voting Policy.

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.

Mirabaud Asset Management is the investment management arm of the Mirabaud Group. Further information on the Mirabaud Group governance is available at the following link: <https://www.mirabaud.com/en/mirabaud-group/governance/>. The Group has strong controls to help prevent and manage any conflicts of interest that may arise.

MAML recognises the importance of managing potential conflicts of interest on behalf of its clients when voting their shares and engaging with investee companies. To address the limited instances in which a potential conflict may arise, MAML has implemented and maintains an effective Conflicts of Interest Policy. When such instances arise, the conflict will be disclosed to the Senior Management Committee and the appropriate steps taken to ensure MAML fulfils duties to act in the client's best interests. The policy helps MAML effectively manage conflicts. All MAML employees at the point of on-boarding are requested to disclose conflicts and receive training on conflicts reporting and management on an annual basis.

In accordance with Financial Conduct Authority requirements, MAML is required to establish, implement and maintain an effective Conflicts of Interest Policy that is appropriate to Mirabaud's size and organisation taking into account the nature, scale and complexity of its business. The Conflicts of Interest Policy is available upon request.

By way of example, conflicts may arise when clients or prospects are also investee companies. In these circumstances, contentious issues are discussed with the relevant investment managers, and if appropriate, escalated to Senior Management of MAML to address. In addition, where required, there will be close engagement with the investee company, including where the issue may relate to a voting matter. In this instance, MAML will vote in what it believes to be the best interests of the clients who hold shares in the company, recognising the Principle of « Treating Customers Fairly » (TCF). Where required, MAML will obtain prior approval from the client prior to voting. As MAML is privately held, no conflicts of interest may arise from being a subsidiary of a publicly-traded entity.

Principle 3

Institutional investors should monitor their investee companies

Monitoring through regular meetings with investee companies provides the opportunity to question and to challenge directors about issues that affect corporate value. This is key to generating the best risk adjusted returns for clients. The MAM Engagement Policy details the engagement process with the investee companies.



MAML investment managers make investment decisions based upon sustainable growth of investee companies by monitoring and analysing company financial information, such as earnings trends, capital structures as well as non-financial information like management strategies, corporate governance, social responsibilities and risks. Information is gathered by accessing publicly disclosed material, holding regular meetings with management and appropriately engaging with investee companies.

MAML's principal concern is the health of underlying investee companies, as this is the foundation for the success of our clients' investments. This monitoring is undertaken on an ongoing investment risk driven basis through periodic meetings with company management. The investment managers will in principle have regular company meetings each year with company representatives (including as the case may be with management and boards of directors) in order to understand a company's business strategy, use of shareholder capital and ESG practices. During these meetings, investment professionals may engage with company management on a variety of topics, such as company developments, operating performance, leadership, reporting and disclosure, proxy proposals, ESG issues or other matters that may present a potential material risk to a company's financial performance. In addition, Investment Managers will maintain regular contact with the company broker as well as investment analysts with particular industry expertise to monitor industry events and related sector specific trends.

Matters of corporate governance are actively considered prior to an initial investment and then monitored on a regular basis as events require. We endeavour to ensure that the structure and composition of the varying forms of oversight (board structure, management structure, audit, etc.) are such that we are confident that investors will be made aware of developments within the business in a timely manner and that the management team are acting promptly and effectively in shareholders' best long-term interests and generally in accordance with the UK Corporate Governance Code applicable to listed entities.

As part of this monitoring / research process there could be occasions, on which the Investment Managers might receive inside information. Although investment managers may on occasion be willing to become insiders when appropriate, investment managers will always ensure that this is not done without their prior knowledge and acceptance to be 'wall-crossed'. The Compliance Department acts as the central point of contact and "gatekeeper" for all Market Soundings in accordance with its established internal market abuse mitigation procedure.

MAML's independent Investment Risk Control Management Team uses a range of tools to analyse portfolio activity and holdings, which constitute concentrations of unintended risks in client portfolios, including those of an ESG nature. The Investment Risk Control Management Team produces regular risk monitoring of each investment portfolio and challenges portfolio management teams on their exposure. Should any issues of concern arise, these will be pursued and recorded in a more formal process and will be notified to the local MAML Compliance Department. Ultimate escalation of any concerns for determination will be to the MAML Senior Management Committee.

Principle 4

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

Investment Managers have discretion over escalation to investee companies with input from the Head of Investments and the Chief Operations Officer and Head of Compliance as necessary. It is practical and effective to consider measures where there is a significant shareholding in terms of issued share capital or a percentage of assets under management. However, engagement or escalation is not restricted to significant holdings. Collective engagement provides a useful pathway to escalate activities where MAML does not have a significant holding (see Principle 5) and any action taken is based on protecting and enhancing client value.

Initial discussions with a company should normally remain confidential, particularly when faced with a scenario that could be detrimental to shareholder value. Should initial discussions fail to produce a mutually beneficial outcome for all parties; the aim will be to resolve matters in a considered manner by extending the dialogue within the Company and its advisors.

If necessary, a meeting with the Chairman or a Senior Independent Director of the investee company will be requested. MAML values its relationships with investee companies and the primary objective is to resolve issues directly without the need for external dialogue. However, on rare occasions, if issues remain unresolved, intervening jointly with other institutions will be considered. This will be decided on a case-by-case basis and MAML will be guided by the relevant regulatory framework prevailing at the time together with input from the MAML Compliance Department and/or other Mirabaud stakeholders subject always to appropriate consideration and management of any internal conflicts of interest.

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MAML is aware that escalating engagement activity carries a degree of sensitivity and risk and that confidentiality is of the utmost importance. Therefore, MAML does not ordinarily make public statements regarding specific concerns it may have with investee companies.

Decisions concerning escalation of concerns will be determined by the MAML Senior Management Committee.

Principle 5

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

MAML's Investment Managers regularly engage with companies to seek to improve the outcome for shareholders. Generally, MAML prefers to engage directly and constructively with the investee company. However, where we feel it appropriate, we will engage with other shareholders to ensure a common message is made to the investee company on matters of communal interest.

There are occasions when collaboration with other investors may be the most productive way to engage on specific items of concern. This could arise in situations where independent escalation has not produced a desirable outcome during times of significant corporate or economic stress. MAML is open to working alongside other organisations and affiliated entities on both policy and company specific matters. MAML may work directly as a partner with other organisations or with other formal (or informal) pressure/lobby groups in instances where: it is considered by MAML to be in the best interests of its clients; it is likely to maximise the value of their investment; it is consistent with applicable laws and regulations; it is permissible under MAML's legal obligations. MAML has due regard to its policies on conflicts of interest and insider information at all times.

MAM Group recognises that as a responsible asset owner, it should, when practicable allocate time and resources and support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this initiative, MAM Group will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its Responsible Investment Policy. As part of its efforts in this area MAM Group is committed to joining collaborative engagements through its association with organizations such as the Principles for Responsible Investment, the CDP or the Climate Action 100+. This list is not considered exhaustive.

During the course of these discussions, our objective is always to ensure the best long-term outcome for our clients.

Principle 6

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

We will always seek to ensure all our clients fully exercise their voting rights. MAML uses the services of Institutional Shareholder Services Inc. ("ISS") for processing proxy voting instructions electronically, research and advice and, we will generally vote in line with the ISS recommendations except where these recommendations conflict with specific instructions from the Client or exceptionally with what we consider the best interests of our long-term investors.

In cases where our clients may have a material impact on the vote, we may inform the company of our voting intentions or signal our intention ahead of the vote.

Please refer to the MAM Engagement Policy and the MAM Proxy Voting Policy for further information. MAM's Proxy Voting Policy has established procedures to seek to ensure that the proxy voting activities are consistent with our objective of ensuring the best long-term incentive for clients.

Disclosure

Voting records for the funds are publicly available on the MAM website at the following link: <https://www.mirabaud-am.com/en/general-contents/proxy-voting/>. The rationale for voting decisions is contained within the MAM Proxy Voting Policy.

Mirabaud also provides regular voting and engagement reports to institutional clients on a quarterly basis, or as requested.



Principle 7

Institutional investors should report periodically on their stewardship and voting activities

Full disclosure of voting records for our funds is publicly available on our website at the following link: <https://www.mirabaud-am.com/en/general-contents/proxy-voting/>. For segregated mandates where a client delegates the responsibility for proxy voting to MAML, we provide detailed reports on all voting activity undertaken on their behalf on a quarterly basis, or as directed by the client.

MAML's voting process and approach to the Stewardship Code is subject to periodic independent assurance reports that are managed by the Mirabaud Group Internal Audit Department ("GIA") ("third line of defence") who are an independent team accountable to MAML's Parent entity. The GIA team review the adequacy and effectiveness of systems and controls concerning the wider Mirabaud Group's constituent business processes. These reviews cover processes such as each investment team's methodology, treatment and management of potential conflicts of interest, our approach to corporate governance and proxy voting. In addition, formalised information barriers within the Group are audited periodically to ensure continuing relevance and effectiveness.

Further Information

Visit www.mirabaud-am.com/en/ for more information on Mirabaud's corporate governance and engagement activities.

Please contact Compliance at MAML for any further information: AM_Compliance-UK-MAM@mirabaud-am.com.