

The UK Stewardship Code

PRINCIPLE 1

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

Guidance

The disclosure should include:

- *how investee companies will be monitored. In order for monitoring to be effective an active dialogue may, where necessary, need to be entered into with the investee company's board;*
- *the strategy on intervention;*
- *internal arrangements, including how stewardship is integrated with the wider investment process;*
- *the policy on voting and the use made of, if any, proxy voting or other voting advisory service, including information on how they are used; and*
- *the policy on considering explanations made in relation to the UK Corporate Governance Code.*

Mondrian generally agrees with the aims of the UK Stewardship Code and we have codified our policies in respect of active engagement with the companies in which we invest. Mondrian pursues an active investment policy through its portfolio management decisions, voting on resolutions at general meetings and maintaining an ongoing dialogue with management. We aim to attend meetings with management of investee companies on a regular basis and use these meetings as an opportunity to discuss the company's strategy, governance and to raise concerns we feel may have an impact on performance and valuation. Mondrian endeavours to meet with each company at least annually.

As a general policy, Mondrian aims to support the management of the companies but when our view differs with that of the company or where there is a failure to achieve our reasonable expectations for shareholder return we will consider promoting change. Under these circumstances, actions are undertaken on a case by case basis. Depending on the situation, Mondrian may suggest that changes are made by management. Mondrian may ask to discuss issues with executive or non-executive directors, work with other institutions to press for change or exercise Mondrian's voting rights against the Board. Otherwise Mondrian may choose to release value by selling the shares and therefore making a statement to management.

Mondrian monitors investee company performance in a number of ways. We are a research driven investment management house with our own in-house research team. Our investment professionals are organised into industry sector teams and monitor companies in their sector throughout the year. . Mondrian incorporates this corporate governance monitoring with its onsite visits and other independent research.

Mondrian is typically delegated the authority to vote (and at Mondrian's discretion, if permitted by applicable law, to refrain from voting) proxies for securities held in a client's account. It is Mondrian's policy to make voting decisions in the best interests of its clients, in accordance with its contractual, legal and fiduciary obligations. Mondrian votes proxies on behalf of clients pursuant to its Proxy Voting Policy and Procedures document (the "Procedures"). The Procedures ensure a consistent approach to voting as well as ensuring that voting decisions are effected in accordance with its legal and contractual obligations. The aim is not to micro-manage but to ensure that the company is run in the best interests of the shareholders.

To help make sure that Mondrian votes client proxies in accordance with the Procedures and in the best interests of clients, it has established a Proxy Voting Committee (the "Committee") which is responsible for overseeing the proxy voting process. The Committee consists of the following Mondrian personnel (i)

two senior investment staff; (ii) Chief Operating Officer; and (iii) Chief Compliance Officer. One of the main responsibilities of the Committee is to review and approve the Procedures to ensure that the Procedures are designed to allow Mondrian to vote proxies in a manner consistent with the goal of voting in the best interests of clients. The Committee meets as necessary to help Mondrian fulfil its duties to vote proxies for clients.

The Procedures reflect Mondrian's determination of the principles it will apply in voting proxies. They address a wide variety of individual topics including, amongst others, routine business items, election of directors, reorganisations, and various shareholder proposals. The Procedures are reviewed at least annually. Mondrian provides its clients with voting reports on a monthly, quarterly or annual basis as agreed between Mondrian and its client. Mondrian's Procedures are part of the SAS 70 audit which is carried out on an annual basis.

In order to facilitate the actual process of voting proxies, Mondrian has contracted with RiskMetrics Group, to use its ISS Governance Services ("ISS") to analyse proxy statements on behalf of clients. Mondrian considers that ISS's services align directly with the key principles of the Code. ISS then provides recommendations for each proxy. ISS uses the Procedures when providing recommendations in conjunction with ISS's standard policies. ISS's proxy analyses and voting recommendations are based on publicly disclosed standard policies and guidelines which reflect prevailing market best practices, codes and standard of corporate governance. ISS develops and refines these annually through a formal policy formation process ("ISS Recommendations").

In the preparation of ISS's voting analyses and recommendations, ISS endeavours to speak directly to a company if any aspect of the company's disclosure is unclear and to ensure that its understanding of the facts is accurate. ISS maintains meeting notes and include a synopsis of the discussions in its voting report which provides an audit trail.

Each ISS Recommendation is provided to the Mondrian investment professional responsible for the particular company who will then review the ISS Recommendation and may undertake further research. If the investment professional agrees with the ISS Recommendation, then ISS is instructed to vote accordingly. If the investment professional does not agree with the ISS Recommendation, their findings and reasons for disagreeing are put to the Committee who will make the final decision. In the circumstances where Mondrian is considering voting a proxy contrary to ISS's recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving Mondrian or affiliated persons of interest in this situation the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee on how to vote the proxy in the best interest of the client. The Committee is ultimately responsible for overseeing ISS's proxy voting activities in relation to Mondrian clients.

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.

Guidance

An institutional investor's duty is to act in the interests of all clients and/or beneficiaries when considering matters such as engagement and voting.

Conflicts of interest will inevitably arise from time to time, which may include when voting on matters affecting a parent company or client.

Institutional investors should put in place and maintain a policy for managing conflicts of interest.

Mondrian operates its business to high ethical standards and provides all clients with its Code of Ethics Policy, Conflicts of Interests Policy and the Procedures, all of which are reviewed annually.

In the unlikely event that we feel that Mondrian may have a potential conflict of interest when it has discretion to exercise voting authority with respect to securities held by a client Mondrian must act in its

client's best interests. As described under Principle 1, in order to ensure that Mondrian votes proxies in the best interests of the client, Mondrian has established various procedures described in the Procedures which detail how to properly deal with a material conflict of interest.

As previously stated, in order to facilitate the actual process of voting proxies, Mondrian has contracted with an independent company, ISS to analyze proxy statements on behalf of its clients and vote proxies in accordance with the Procedures.

PRINCIPLE 3

Institutional investors should monitor their investee companies.

Guidance

Investee companies should be monitored to determine when it is necessary to enter into an active dialogue with their boards. This monitoring should be regular and the process clearly communicable and checked periodically for its effectiveness.

As part of this monitoring, institutional investors should:

- *seek to satisfy themselves, to the extent possible, that the investee company's board and committee structures are effective, and that independent directors provide adequate oversight, including by meeting the chairman and, where appropriate, other board members;*
- *maintain a clear audit trail, for example, records of private meetings held with companies, of votes cast, and of reasons for voting against the investee company's management, for abstaining, or for voting with management in a contentious situation; and*
- *attend the General Meetings of companies in which they have a major holding, where appropriate and practicable.*

Institutional investors should consider carefully explanations given for departure from the UK Corporate Governance Code and make reasoned judgements in each case. They should give a timely explanation to the company, in writing where appropriate, and be prepared to enter a dialogue if they do not accept the company's position.

Institutional investors should endeavour to identify problems at an early stage to minimise any loss of shareholder value. If they have concerns they should seek to ensure that the appropriate members of the investee company's board are made aware of them.

Institutional investors may not wish to be made insiders. They will expect investee companies and their advisers to ensure that information that could affect their ability to deal in the shares of the company concerned is not conveyed to them without their agreement.

As described under Principle 1 above, Mondrian endeavours to hold regular meetings with companies to discuss their specific performance and any issues that may have arisen as well as continuing its own independent research. Mondrian's investment professionals are responsible for reviewing and producing reports on the companies that they cover. The Investment Committee is responsible for making investment decisions with the investment professionals..

During its research and meetings with each company, Mondrian ensures that it understands the corporate governance issues, as we consider this to play an important part in a Company's continued success.

Mondrian does not retain notes of all meetings it has with the companies in which it invests, preferring to quantify the output of the meeting within its Best/Base/ Worst case Dividend Discount Models. Mondrian does keep details of all votes cast and the reasons for such votes. Proxy voting reports are available and provided to clients who request them.

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.

Guidance

Institutional investors should set out the circumstances when they will actively intervene and regularly assess the outcomes of doing so. Intervention should be considered regardless of whether an active or passive investment policy is followed. In addition, being underweight is not, of itself, a reason for not intervening. Instances when institutional investors may want to intervene include when they have concerns about the company's strategy and performance, its governance or its approach to the risks arising from social and environmental matters.

Initial discussions should take place on a confidential basis. However, if boards do not respond constructively when institutional investors intervene, then institutional investors will consider whether to escalate their action, for example, by:

- *holding additional meetings with management specifically to discuss concerns;*
- *expressing concerns through the company's advisers;*
- *meeting with the chairman, senior independent director, or with all independent directors;*
- *intervening jointly with other institutions on particular issues;*
- *making a public statement in advance of the AGM or an EGM;*
- *submitting resolutions at shareholders' meetings; and*
- *requisitioning an EGM, in some cases proposing to change board membership.*

When determining whether to invest in a particular company, one of the factors Mondrian considers is the quality and depth of the company's management. Mondrian seeks to invest in well-managed companies which provide shareholder value. As a result, Mondrian believes that recommendations of management on any issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. Thus, on many issues, Mondrian votes are cast in accordance with the recommendations of the company's management. However, Mondrian will normally vote against management's position when it runs counter to the Procedures, client guidelines or is otherwise not in the best interests of clients.

When Mondrian's views differ from those of management and where there is a failure to achieve Mondrian's reasonable expectations for shareholder return, we will consider promoting change. As stated in Principle 1, activity may be escalated on a case by case basis with the deliberate aim of making changes to management or strategy to release value that is inherent within the business. Mondrian may ask to discuss issues with executive or non-executive directors, work with other institutions to press for change or exercise Mondrian's voting rights against the Board. However if Mondrian feels that there is a significant risk that a company's earnings growth will be negatively affected due to the action or inaction of management or where we have misgivings about the company, Mondrian will generally sell the holdings in a company in order to protect its clients' investments.

Exceptions

As a global investment manager, Mondrian invests in a wide range of companies located in countries around the world. The costs of activist intervention in some of these companies based on size of the holding or jurisdiction of investment may be greater than the potential value to Mondrian's clients. In such cases,, Mondrian may decide not to intervene or to act only in co-operation with other shareholders. In addition, it is not always practical given the number of companies that Mondrian follows to attend annual general meetings. Mondrian is therefore selective in the meetings it chooses to attend.

PRINCIPLE 5

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

Guidance

At times collaboration with other investors may be the most effective manner in which to engage.

Collaborative engagement may be most appropriate at times of significant corporate or wider economic stress, or when the risks posed threaten the ability of the company to continue.

Institutional investors should disclose their policy on collective engagement.

When participating in collective engagement, institutional investors should have due regard to their policies on conflicts of interest and insider information.

If required, for the best interests of our clients, Mondrian may from time to time act collectively with other shareholders. Mondrian would join other shareholders if it was legally permitted and where this is likely to be the most effective means of securing a better return for shareholders. Any conflict of interest would be managed in accordance with Mondrian's Conflicts of Interest Policy. Similarly, the receipt of inside information would be managed through the procedures outlined in Mondrian's Code of Ethics of Ethics Policy..

PRINCIPLE 6

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

Guidance

Institutional investors should seek to vote all shares held. They should not automatically support the board.

If they have been unable to reach a satisfactory outcome through active dialogue then they should register an abstention or vote against the resolution. In both instances, it is good practice to inform the company in advance of their intention and the reasons why.

Institutional investors should disclose publicly voting records and if they do not explain why.

As described above, Mondrian has a Proxy Voting Policy and Procedures document which is provided to all clients and which includes a clear procedure with regard to voting.

If Mondrian's view differs from those of the board, Mondrian will seek to discuss this with the Board and attempt to resolve such issues. When investing, Mondrian considers the quality and depth of the company's management and board and endeavours to keep an open line of communication with the board whilst investing in the company. Further Mondrian encourages the board to consult with shareholders rather than risk putting forward resolutions at General Meetings which may be voted down.

If Mondrian decides to abstain or vote against a company we will ensure that our reasoning for this action is understood by the board.

Exception

Mondrian does not publically report on the voting activity undertaken on behalf of clients as such information is client dependant and confidential to clients. However, Mondrian provides clients who so request it a record of the voting activity undertaken in connection with their individual portfolio on at least an annual basis or more frequently as requested..

PRINCIPLE 7

Institutional investors should report periodically on their stewardship and voting activities.

Guidance

Those that act as agents should regularly report to their clients details of how they have discharged their responsibilities. Such reports will be likely to comprise qualitative as well as quantitative information. The particular information reported, including the format in which details of how votes have been cast are presented, should be a matter for agreement between agents and their principals.

Transparency is an important feature of effective stewardship. Institutional investors should not, however, be expected to make disclosures that might be counter productive. Confidentiality in specific situation may well be crucial to achieving a positive outcome.

Those that act as principals, or represent the interests of the end-investor, should report at least annually to those to whom they are accountable on their policy and its execution.

Those that sign up to this Code should consider obtaining an independent audit opinion on their engagement and voting processes having regard to the standards in AAF 01/06 and SAS 70. The existence of such assurance certification should be publically disclosed.

Mondrian is registered with the FSA as an Investment Adviser and with the U.S. Securities and Exchange Commission as a Registered Investment Adviser and we have in place a SAS 70 Type II audit of our business including its proxy voting procedures and controls (“SAS 70 Report”). The SAS 70 Report is provided to clients upon request.

Mondrian provides its clients with a copy of the Procedures when entering into a relationship and upon request. Mondrian also provides its clients with voting reports on a monthly, quarterly or annual basis as agreed between Mondrian and its clients.

We believe that the above disclosures comply with the spirit of the Code.