

Firm-Wide Environmental, Social and Governance (ESG) Investment Policy

January 2017

Executive Summary

Mondrian's ESG Approach

Mondrian Investment Partners Limited ("Mondrian")'s long-term, fundamental research process has always demanded that analysts strive to consider all material risks that could influence a security's valuation, including those factors rooted in environmental, social and governance concerns. Recognising that these factors are continually evolving, Mondrian's ESG Steering Committee sets and reviews firm-wide objectives and initiatives to ensure that our resources and investment staff are capable of meeting ongoing developments associated with these issues. To make the integration of these factors in the equity valuation process more transparent, Mondrian has developed a proprietary ESG evaluation framework. This documents the research and analysis done on ESG factors for every investment, including the quantitative impacts in our valuation models. We continually look at ways to improve the quality of data that we receive from current and prospective investments and from dedicated research providers.

In recognition of our continued commitment to the integration of material ESG factors, Mondrian is a signatory of the Principles for Responsible Investment.

Mondrian has a history of integrating ESG factors at the fundamental level over the long term.

Background

Mondrian is a global, long-term value-oriented investment manager. Our focus is on providing a rate of return meaningfully greater than our clients' domestic rate of inflation with strategies that seek to preserve capital during protracted market declines. In pursuit of these investment benefits, Mondrian employs a long-term, fundamental approach to research in which environmental, social and governance factors play an important role when valuing markets and companies for potential investment.

The analysis of ESG factors is embedded in the daily work of all investment professionals

Mondrian's Investment Approach

Our equity and fixed income teams share an investment philosophy that recognises the importance of ESG issues in the long-term valuation of a company's equity and credit. Mondrian has always believed it is the role of all investment professionals to incorporate and understand the financial impact of environmental, social and governance factors in our present and potential investments.

Mondrian's Equity investment philosophy is aligned with the incorporation of ESG factors

Equity

Across all of Mondrian's equity investment products, the research process is driven by extensive, bottom-up fundamental company analysis which includes a comprehensive program of meeting with representatives from current and prospective holdings. We believe that the value of any equity security is equal to the present value of its future cash flows to the investor, which are primarily dividends. The principal focus of our investment professionals is constructing long-term forecasts for these cash flows utilising our dividend discount methodology. Since the inception of the firm, Mondrian has aimed to consider all material factors that could influence these cash flows, incorporating the analysis of environmental, social and governance risks as a normal part of the valuation process.

Stewardship considerations

Mondrian pursues an active investment management approach. Stewardship considerations are part of the initial purchase decision, subsequent monitoring of an investment and any ongoing dialogue with an investee company, including active participation through our proxy voting process. Please see Mondrian's Stewardship Policy for more information: <http://www.mondrian.com/Stewardship-Code-Sept16.pdf>.

Engagement process

Mondrian engages with company management. When our views, particularly regarding governance, differ with that of the company or where there is a failure to achieve our reasonable expectations for shareholder return, we will more actively discuss this with said management team. Local practice and governance are taken into account when voting shares or engaging with the management of companies particularly in less developed markets, and actions are taken on a case-by-case basis. Should engagement continue to prove unsuccessful in fulfilling the required objectives, Mondrian may choose to divest the shares.

Proxy Voting summary

Our clients typically delegate Mondrian the authority to vote proxies for the securities held in their accounts; Mondrian votes proxies pursuant to its Proxy Voting Policy and Procedures. The aim is not to micro-manage but to ensure that each company is run in the best interests of the shareholders. Please see Mondrian's Proxy Voting Policy for more information: <http://www.mondrian.com/Proxy-Voting-policy.pdf>.

Mondrian's Fixed Income investment philosophy

Fixed Income

Mondrian invests in global bond markets that offer high income in real (inflation-adjusted) terms, as measured by a market's Prospective Real Yield (PRY). We define PRY as the 10-year government bond yield minus Mondrian's inflation forecast. High PRY countries offer the highest long-term returns in an investor's base currency when currencies track inflation differentials.

Sovereign credit analysis incorporates ESG factors

Sovereign credit analysis is an integral part of our top-down investment process. That analysis includes environmental, social and governance factors, which ultimately inform our sovereign credit adjustment. The weaker the overall credit assessment, the higher the sovereign credit adjustment, resulting in a greater PRY premium required to drive an allocation.

Corporate credit analysis incorporates ESG factors

Corporate credit analysis explicitly incorporates a proprietary environmental, social and governance rating. This contributes to our corporate credit rating for each issuer, which in turn directly impacts how much of that issuer's debt can be held across our portfolios according to our issuer diversification limits.

Mondrian utilises third party research and tools to assist in our fundamental research process

External Tools and Resources

The majority of inputs for Mondrian's fundamental research process are obtained by the portfolio managers and analysts themselves through proprietary research and meetings with company management and boards. Alongside quantitative data sources, company produced documents such as annual reports and external investment research, Mondrian uses the following third party providers to assist in our evaluation of ESG factors:

- ! MSCI ESG Research provides ESG company research and ratings, industry ESG research and screening tools.
- ! ISS Governance Services provides governance research and services to support the voting of proxies.
- ! S&P Capital IQ research provides data that integrates ESG factors in S&P's current credit ratings framework.

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