30 June 2020

Mondrian
INVESTMENT PARTNERS

Shareholder Engagement Disclosure

Introduction

The Shareholder Rights Directive II (SRD II) is a European Union (EU) directive, which sets out to strengthen the position of shareholders and to reduce short termism and excessive risk taking by companies. It amends SRD I which came into effect in 2007, with the aim of promoting effective stewardship and long-term investment decision making. It sets requirements in several areas, including transparency of engagement policies and investment strategies across the institutional investment community. SRD II became effective in EU Member States on 10 June 2019.

The FCA has published a Policy Statement (PS19/13) implementing SRD II in the UK. The UK Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019 and amended SYSC and COBS sections of the FCA Handbook formally reflect the adoption of the SRD Directive, applying its remit not only to equities listed in the EEA (as required by SRD II), but also to comparable equities listed outside of the EEA.

This disclosure document seeks to provide transparency to investors in relation to Mondrian's voting behaviour and the impacts of engagements with companies on our voting behaviour as well as meeting our regulatory requirements to disclose to investors on an annual basis how Mondrian's engagement policy has been implemented, as set out in COBS 2.2B.5R sourcebook of the FCA's Handbook.

A General Description of Mondrian's Voting Behaviour

Mondrian is typically delegated the authority to vote proxies for securities held in a client's account, and votes proxies on behalf of clients 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. As part of our voting process, the portfolio manager responsible for research coverage of a company reviews each proxy voting proposal to decide the best course of action for each client. In making that decision, the portfolio manager takes into account Mondrian's internal analysis as well as the analysis of a proxy advisor or other third party proxy provider as appropriate. If the portfolio manager proposes to vote counter to the proxy advisor's recommended vote, a Mondrian Proxy Voting Committee is convened to review the proposal and determine how to vote on the issue in a manner consistent with Mondrian's Proxy Voting Policies and Procedures and in the best interests of each client.

Mondrian has attempted to vote every proxy which they or their agents receive where we have authority to do so. However, there has been a small number of situations where Mondrian was not able to process a proxy. For example, in a number of countries in which Mondrian invests client assets, local laws require the imposition of a trading block on shareholders once they have voted their proxies in relation to companies registered in that country. These trading blocks are usually for a defined period and can be for a number of weeks. Mondrian believes that in certain circumstances it is in the client's greater interest to retain the ability to sell the shares rather than to participate in the proxy vote.

Clients may request information on how their proxies were voted from Mondrian at any time. Please see below for a summary of Mondrian's voting behaviour for the period of 1 July 2019 through 30 June 2020.

Description	1 July 2019 to 30 June 2020
Number of votable meetings	487
Number of meetings voted in	486
Number of votable proposals	5,154
Number of proposals voted	5,006
Number of meetings with at least one vote against management recommendations	171
Number of meetings with at least one vote withheld or abstained against management recommendations	190
Number of votes with management	4,647
Number of votes against management	359
Number of abstentions/withheld votes	148

Region	Number of Votable Meetings	% of Votable Meetings
Africa	4	1
Europe	130	27
Latin America	26	5
Middle East	7	1
North America	113	23
Pacific-Asia	207	43
Grand Total	487	100

Proposal Category	Number of Votable Proposals	% of Votable Proposals
Antitakeover Related	43	1
Capitalization	578	11
Compensation	7	0
Corp Governance	8	0
Directors Related	2590	50
Health/Environ.	9	0
Miscellaneous	37	1
Non-Salary Comp.	484	9
Preferred/Bondholder	15	0
Reorg. and Mergers	142	3
Routine/Business	1235	24
Social Proposal	6	0
Grand Total	5,154	100

Mondrian's Use of the Services of Proxy Advisors

Mondrian contracts with a Proxy Voting Adviser for the provision of voting advice and to facilitate the process of voting proxies. Proxy Voting Advisers commonly produce guidelines for proxy voting ("the Guidelines") that summarise their approach to voting on commonly occurring issues. Mondrian's Proxy Voting Committee reviews these Guidelines annually to determine whether voting proxies pursuant to the Guidelines is in the best interests its clients. If the Guidelines remain consistent with Mondrian's fiduciary duty and expectations for good corporate governance, Mondrian will adopt the Guidelines as the basis for its own proxy voting policy.

Mondrian may vote certain issues counter to the Guidelines if, after a thorough review, it determines that a client's best interests would be served by such a vote. In situations where the Guidelines do not cover a specific voting issue, Mondrian will vote on such issues in a manner consistent with the spirit of the Guidelines and that promotes the best interests of the client.

Mondrian has appointed Institutional Shareholder Services ("ISS") as its Proxy Voting Adviser in 2020. Details of the Proxy Adviser's voting guidelines are published on their website (**www.issgovernance.com/policy-gateway/voting-policies/**). Mondrian has procedures to monitor and evaluate the performance of its Proxy Voting Adviser to ensure Mondrian's ongoing ability to casts votes in the best interest of its clients.

Summary of How Mondrian has Cast Votes in General Meetings of Investee Companies

The below provides greater details of where Mondrian has cast 'significant' votes in the annual general meetings of companies invested in on behalf of our clients. Mondrian's Proxy Voting Committee has made this determination and as stated in our engagement policy, votes are typically considered 'significant' where Mondrian has voted against management, against ISS or a vote considered significant for any other reason.

China Mobile

China Mobile is the largest telecom operator in China, providing mobile and fixed line services nationwide. The company is a state owned enterprise, controlled by the Chinese government, and national policy heavily informs all key strategic decisions at the company. This has resulted in the company having prioritised investment in telecoms networks and retention of a significant level of cash on the balance sheet over the return of cash to investors. As China's telecom network has become increasingly advanced and the market has matured, lower returns and an inefficient balance sheet have increasingly weighed on the company's stock market valuation.

At its Annual General Meeting in May 2020, alongside several routine items that we believe merited support, China Mobile presented several resolutions that had a bearing on the company's capital allocation. The meeting sought authorisation to repurchase shares, and the issuance and repurchase of shares for employee incentive schemes. Given the strong cash balance held by the company, we voted to authorise share repurchases which could also unlock value for shareholders. However, we voted against the approval of issuance of equity and other share option schemes, as the resolution failed to disclose the performance criteria that we expect should be tied to such programs. While share incentive schemes can help align employees and management with shareholders, we look for specific performance or return targets that make such goals transparent. Additionally, where there could be a high level of such equity issued, without disclosure of an acceptable upper limit, we vote against the resolution to safeguard investors against a substantial dilution that would not create value to shareholders.

Allergan

Allergan was a US pharmaceutical company focused on the central nervous system, eye care, gastroenterology, women's health, urology and anti-infective therapeutic categories, as well as on medical aesthetics and dermatology. Allergan was best known as the maker of Botox, the neurotoxic protein that is used commercially for medical and cosmetic purposes, and which made up approximately 20% of sales.

Mondrian's Global Equity product initiated a position in Allergan in 2016 and thereafter entered into ongoing dialogue with the company and conducted regular investment reviews. In January 2019, the investment committee agreed an estimated fair value of $396 per share.

In June 2019, it was announced that AbbVie, another US pharmaceutical company, had agreed to buy Allergan for approximately $188 per share, representing a 45% premium over Allergan's closing share price the day before the announcement. AbbVie's bid comprised a mixture of cash and stock, with AbbVie stock comprising only one third of the purchase price. While AbbVie's bid was made at a similar premium to other deals in the pharmaceutical sector, it included a lower portion of stock, thereby limiting the ability of Allergan shareholders to participate in the potential upside for the merged company. Nevertheless, the offer price represented a significant discount to our valuation of Allergan. Furthermore, the offer price fell some way short of the valuation that Allergan had agreed under an abortive sale to Pfizer in 2015. We therefore believed the AbbVie's bid undervalued Allergan, while the structure of the bid limited Allergan shareholders' ability to participate sufficiently in the potential value creation of the enlarged group.

In October 2019, Allergan shareholders were invited to vote on the proposed transaction. The Allergan board of directors recommended unanimously that Allergan shareholders voted in favour of the acquisition. Mondrian voted against the proposed transaction. This vote was against both management and proxy voting adviser recommendations but in the best interest of Mondrian's clients, given that AbbVie's offer for Allergan fell significantly short of what we believed to be the fair value of the company. Nonetheless, Allergan shareholders voted to approve the proposed acquisition of Allergan by AbbVie and the acquisition was completed in May 2020 when Mondrian received cash and AbbVie stock for our Allergan shares. Detailed, bottom-up fundamental analysis showed that the combined Allergan- AbbVie group was attractively valued and we have subsequently added to the position.

Isuzu Motors

Isuzu Motors ('Isuzu') is a Japanese truck maker with a globally diversified business including significant exposure to emerging markets. In December 2019, Isuzu announced a plan to acquire UD Trucks in Japan from Volvo for around 250bnY. This already looked a very expensive and value destructive acquisition in the economic environment prevailing in December (as the share price reactions for Isuzu and Volvo on the day the deal was announced clearly indicated), but circumstances have changed materially since then with the spread of COVID-19 and the sharp negative impact expected on economic growth and consumer discretionary spending globally. As a simple indicator, Isuzu will be paying approximately 35% of their market cap for a business that would contribute less than 10% of normalized profits and has low growth prospects. We believe that this acquisition will materially damage both the base case valuation and risk profile of Isuzu given that this will lead to a sharp deterioration in the balance sheet at this very uncertain time. Isuzu had not issued dividend guidance and we believe that future dividends are likely to be materially lower as a result

of this acquisition. Previously we had considered Isuzu's solid balance sheet an important part of our investment case in providing resilience in tough environments but this would no longer be the case. For these reasons, we do not believe that this deal is in the best interests of long-term shareholders.

As shareholders we will not have the opportunity to vote directly on the proposed deal. As a result, we voted against re-election of the two inside directors at the June 2020 AGM, against the recommendation of management and our proxy voting advisers. We felt that this deal was not in the best interests of our clients and that this was the best way to express our opposition to the deal in a meaningful way in the absence of the option to vote against the deal itself. We also engaged with board level management about this deal in March and June 2020, to explain to them our voting intentions and rationale. The company acknowledged our concerns and said that they would seek to negotiate the terms of the deal.

Datwyler Holding

Dätwyler Holding (Dätwyler) is a prominent supplier of customized sealing, closure and packaging solutions for industries globally, notably the health care and automotive end-markets, and retains a relatively small electronics/ technical components distribution business. Leading market positions in the industrial division founded upon material, engineering and process knowledge make it an ideal co-development partner, forging long-term customer relationships and resulting in strong profitability. Its robust balance sheet and cash flow allow the company to pursue growth opportunities and maintain progressive distributions to shareholders.

Dätwyler has an unusual ownership and governance structure. Originally a family-owned business, in the 1990s the family injected its shares into Pema holdings, which itself is 100% controlled by Dätwyler Führungs (which translates to Dätwyler Foundation) – a charitable organisation with a mission to support projects and institutions across Switzerland that have a geographical, thematic or personal connection to the canton of Uri where Dätwyler is based. The foundation controls approximately 79% of votes and 56% of the capital in Dätwyler, which has a dual-class share structure. The directors are not allowed to dispose of a majority holding in Dätwyler (under normal conditions). Furthermore, Pema Holding AG may only invest in the Datwyler Group and its spin-offs and has an obligation to develop the long term value of the company.

While we are fundamentally comfortable that this is a suitable structure for good economic returns at Dätwyler given the broad alignment of interests between Dätwyler Führungs and other shareholders, combined with strong track record of the Dätwyler business, we continue to closely monitor issues relating to governance at the company. A continued source of disappointment to us is the lack of independent directors in the listed company: the 8 person board has only 2 independent directors and the audit committee only one independent director out of 3. However, the largest source of concern is the lack of any independent director on the 3 person nomination and remuneration committee.

In the AGM in March 2020, we once again reflected our dis-satisfaction with board structure by voting against all non-independent director nominations (including 6 directors up for re-election) and by voting against 2 non-independent directors proposed for re-election onto the nomination committee. We also noted a number of issues with the remuneration structure, most notably the potential for directors to receive LTIP (Long Term Incentive Plan) rewards if the company underperforms its peers, but also owing to guaranteed grants from the LTIP regardless of management performance in 2018, 2019 and 2020 (due to a transition arrangement for the plan). Consequently we also voted against the remuneration report.

Exxon Mobil

ExxonMobil is a US-listed integrated oil and gas company, involved in exploration, production, refining, and petrochemicals, globally.

The company operates with a combined CEO and Chair role. At the company's 2020 annual general meeting, the agenda included a shareholder proposal to require an independent Chair. This proposal implicitly seeks the separation of the roles of CEO and board Chair. The board recommended voting against the proposal, arguing that they alone should have the flexibility to determine the appropriate leadership structure. Furthermore, they believe that combining the roles of CEO and Chair ensures that the items of greatest importance are brought to the attention of the board on a timely basis, given deep company knowledge and industry experience. As a concession to greater oversight, earlier in the year, the company created the role of "Lead Director", an enhancement of the prior "Presiding Director", with duties to include, among others, engaging with shareholders and approving agendas for board meetings.

We voted in favour of the shareholder proposal and against the recommendation of both Exxon's board and our proxy voting advisors. We believe an independent board Chair is in the best interest of our clients as shareholders. An independent chair should result in a board of directors that can better represent the interest of shareholders, the owners of the company, to the CEO and management team, who are appointed to run the company. We expect the board of directors to provide independent oversight of the CEO and management and this is ineffective if the

CEO also chairs the board of directors. We do not see company knowledge and industry experience as a barrier to having an independent chairman. A suitable chairman would be aware of the key issues impacting the company and the industry. In any case, it would be incumbent on the CEO to ensure the board was aware of all relevant issues. Many large and complex multi-national companies operate successfully with an independent Chair, including ExxonMobil peers Royal Dutch Shell and BP. The creation of the Lead Director role is a positive sign that the company is responding to shareholder feedback and taking steps to improve governance, but this is an untested role and we believe there is merit in continuing to push for an independent Chair to whom the CEO reports.

In our subsequent engagement with the company on this matter, it was stressed that the board does not want to have any decision on the Chair role forced on them and would rather make this decision based on the requirements of the company at the time. Considering this flexibility has never been used in the company's history, across multiple CEO transitions, we conclude that on this point things are unlikely to change while the board is chaired by the CEO.

Banco Santander

Santander is a retail-focused bank, listed in Spain, with operations across Europe and the Americas. The most important business units are in Brazil, Spain, and the UK. Santander's Annual General Meeting took place on 3rd April 2020. The economic outlook at this time was extremely uncertain, as most developed economies had recently entered their COVID-related "lockdowns" from the middle of March onwards. We spoke to Santander's Head of Investor Relations on 16 March 2020 to gain an early assessment of the impact of the health crisis on the Bank's operations. In the course of this conversation, we expressed a view that it was preferable for Santander to conserve capital rather than pay dividends to shareholders, if paying dividends would materially increase the probability of the Bank requiring an equity issue at a time when the share price was depressed. On 24 March 2020, we spoke to the Head of Investor Relations again. On this occasion, we were explicit in saying that, in our assessment, it was not prudent for the Bank to pay its final dividend against 2019 earnings. We felt that it was in our clients' best interests for Santander to forego the payment of this dividend, because paying the dividend would put incremental pressure on the balance sheet at a time of enormous uncertainty. On the same day, we wrote to Santander management to reiterate this point and to inform the company of our intention to vote against the final dividend proposal at the AGM. Both the Board and Mondrian's proxy advisor had recommended voting in favour of payment of the final dividend. On 2nd April 2020, Santander's Board decided to cancel the final dividend and the proposal was withdrawn from the AGM agenda.

Sasol

Sasol is an integrated Energy company based in South Africa. It produces a range of fuels and petrochemicals primarily from unconventional feedstocks such as coal and natural gas. Over the several years prior to this vote Sasol had pursued a significant expansion project in Lake Charles, Louisiana – a large scale ethane cracker with downstream chemicals units. The project had been subject to significant delays and cost overruns and as a result, an external review of the project was carried out at the request of the board. This review concluded that, among other errors, that some individuals on the project management team (mid-level management) had made inaccurate reports to senior management, and that the control environment over the project was lacking in some respects. As a result of the project's failures and the findings of the external review, various actions were taken by the company, which included the removal of individuals from the project management team, and forfeiture of some elements of pay for executive board members. The company's co-CEOs also resigned.

At the AGM in November 2019, management sought approval for the amended remuneration policy. While we welcomed many of the adjustments that had been proposed – which were to remove the scope for any board member connected with the project to receive a "Special Long Term Incentive" (SLTI) bonus that year, we noted and were concerned that the policy still allowed scope for a normal "Long Term Incentive" (LTI) bonus to be awarded, and that further the potential size of the LTI bonus had been increased from the previous year. We also noticed that the recommendation from a prominent proxy advisor had seemingly misinterpreted the policy, erroneously stating that the policy as proposed did not give scope for any bonus to be awarded, and therefore had recommended that shareholders vote to approve the policy. We engaged with the company to clarify that our interpretation of the policy as proposed was correct, which they confirmed. Given the significant issues encountered at the project, we believed it inappropriate that the remuneration policy allow scope for the remaining executive board members to be awarded LTI bonuses that year, and had particular concerns that any bonuses if awarded, would have been done at a depressed share price that was a direct result of the project's mismanagement, and thus offer scope for significant reward for failure. Given these concerns we voted to reject the proposed remuneration policy, against management's recommendation.

Data on Votes Cast in the General Meetings of Companies Held on Behalf of Clients During the Period

Please see the following link **https://www.mondrian.com/wp-content/uploads/2020/11/2020-Proxy-Voting-Report.pdf**