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 2020 through 30 June 2021.

Description	1 July 2020 - 30 June 2021
Number of Votable Meetings	530
Number of Meetings Voted In	526
Number of Votable Proposals	5961
Number of Proposals Voted	5904
Number of meetings with at least one vote against management recommendations	190
Number of meetings with at least one vote withheld or abstained against management recommendations	13
Number of votes with management	5459

Number of votes against management	445
Number of abstentions/withheld votes	89

Region	Number of Votable Meetings	% of Votable Meetings
Africa	2	0%
Europe	156	29%
Latin America	31	6%
Middle East	4	1%
North America	125	24%
Pacific-Asia	212	40%
Grand Total	530	100%

Proposal Category	Number of Votable Proposals	% of Votable Proposals
Antitakeover Related	47	1%
Capitalization	525	9%
Compensation	15	0%
Corp Governance	9	0%
Directors Related	3114	52%
Health/Environ.	14	0%
Miscellaneous	50	1%
Non-Salary Comp.	540	9%
Reorg. and Mergers	204	3%
Routine/Business	1420	24%
Social Proposal	6	0%
Grand Total	5154	100%
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 2021. Details of the Proxy Adviser's voting guidelines are published on their website (**https://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.

Alphabet Inc.

Alphabet is a US based technology company that comprises a collection of technology businesses, the largest of which is Google. The company's core products include Google Search, Google Cloud Platform, Android, Maps, Chrome, YouTube, Google Play and Gmail.

In July 2020, Mondrian's Global Equity product initiated a position in Alphabet. Key to our investment thesis was that value would be unlocked as the company continued to improve its corporate governance and align management compensation with shareholders' interests. Prior to our initiation, Alphabet had shown some progress in this area, but we felt there was still significant room for improvement and decided to vote our proxies accordingly.

In lieu of there being a say-on-pay proposal on the 2021 ballot, we voted against the re-election of all members of Alphabet's compensation committee and against approval of the Omnibus Stock Plan. Whilst the 2021 equity grant showed some incremental improvement in structure, with a portion of the equity being based on three-year total shareholder return, Alphabet's executive remuneration policies remain both opaque and excessively generous. In voting against this proposal we sought to send a signal to the board that additional information on the stock plan is required and that more performance-based targets should be included in management compensation.

We also voted in favour of a shareholder proposal that the board oversee a third-party review analysing the effectiveness of the company's whistle-blower policies and practices in protecting human rights. Following the controversial firing of two members of Alphabet's Artificial Intelligence ethics team, and a number of other issues in recent years, we believed voting in favour of this proposal was appropriate. It is generally accepted that whistleblowing mechanisms are a key feature of good governance and reflect a healthy corporate culture; this is especially true for firms as large as Alphabet. Given that there have been a number of press reports alleging that the company has retaliated against whistle-blowers, we believed a third-party review would help to ensure the company has more robust whistle-blowing policies. In addition, it would provide the opportunity for Alphabet to generate goodwill with its employee base which should help with employee retention and future hiring.

Johnson & Johnson

Johnson & Johnson is the largest, most broad-based healthcare company in the world, with strong global positions in three key segments: consumer health; pharmaceuticals; and medical devices.

In April 2021, a non-binding resolution to ratify the pay packages of executive officers, including CEO Alex Gorsky, was voted on at the company's annual general meeting. Shareholder votes on pay typically pass with an overwhelming majority. However, this vote was more contentious, given insufficient disclosure in the company's proxy statement regarding very large expenses for opioid and talc-related litigation over the previous two years, as well as the company's exclusion of these costs from its calculations when considering stock awards to its top executives.

While adjusted financial results are commonly used in incentive programs, adjustments of this magnitude, their impact on executive compensation, and the compensation committee's rationale all warranted a level of disclosure that was not provided by the company. The issue was particularly concerning given that the adjusted results impacted multiple fiscal years, and the proxy statement disclosure reconciling GAAP results and adjusted financials was limited and did not reflect the impact of excluding the litigation-related expenses.

This shareholder pay resolution was not binding, but a significant number of 'no votes' can force management to reconsider executive pay practices. Accordingly, we voted against the recommendation of Johnson & Johnson's Board on executive compensation. Ultimately, 57% of investor votes cast backed the healthcare company's executive pay for 2020. However, this was a low level of support for a proposal that most shareholders usually support.

Companies typically will engage with shareholders and potentially adopt changes to their pay practices if they receive a significant number of votes against their compensation plans. Johnson & Johnson has so far defended its position, arguing that it was the company's "longstanding and publicly disclosed practice" to exclude certain non-recurring gains and expenses, such as litigation-related items, in the targets and results of its executives. However, other companies facing low say-on-pay support have said that they will change their executive compensation structures. Drug distributor Cardinal Health (CAH), for example, has said that it will engage with shareholders to incorporate their views in its executive compensation plan after a minority of them revolted in November 2020 against an executive pay structure similar to Johnson & Johnson's.

Wells Fargo

Wells Fargo is the third largest bank in the United States and is primarily focused on the domestic market. It is a full-service bank and offers a wide range of services to both individuals and organisations, including deposit taking and lending, wealth management and wholesale activities such as investment banking.

At Wells' 2021 AGM there was a shareholder proposal for the bank to initiate an audit to analyse the adverse impacts of the company on non-white stakeholders, as the bank has faced several recent controversies related to the hiring and treatment of minority employees. The proposal highlighted that the bank had previously settled a number of lawsuits over issues that include discriminatory hiring, predatory lending and discriminatory lending.

The proposal was, in our view, reasonable and appropriate - it allowed the bank itself to commission the report, "at reasonable cost", and to omit confidential and proprietary information. The resolution was being suggested in relation to a bank where the emergence of scandals has suggested a lack of ethical behaviour by employees in the past. For example, bankers have created fake accounts, sold unsuitable products, and wrongly fined clients. As a result, the bank has since had to pay significant fines to its regulators, reach financial settlements with wronged customers and as a result has been placed under the close scrutiny of its regulators, including the Federal Reserve. Many of these issues came about as a direct result of poor incentives and a lack of oversight of the various divisions by the bank's central executives. In the light of these practices and the impact on the bank, we believed it was in shareholders' interests to identify and deal with any issues around racial injustice. Therefore, we voted for the proposal, contrary to the recommendation of both Wells' board and our proxy voting advisor.

Our vote was ultimately unsuccessful (12.89% voted in favour), but we intend to engage on the issue at our next meeting with the bank.

Exxon Mobil

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

The company operates with a combined CEO and board Chair role. At the company's 2021 annual meeting a shareholder proposal to require an independent board Chair was put forward. The board recommended voting against the proposal, arguing that they should have the flexibility to determine the appropriate leadership structure. Furthermore, they believe that the combined 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. In the prior 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 both the board's recommendation and the recommendation of our proxy voting advisor. We believe an independent board Chair is in the best interest of 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 Chair. A suitable Chair 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 many of ExxonMobil's peers such as 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 engagement with the company on this matter, it was stressed by ExxonMobil that the board does not want to have any decision on the board 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.

Kyocera

Kyocera, listed in Japan, is a world leader in advanced ceramics with a diversified portfolio of businesses based around electronic components and equipment. Despite some good, global-leading businesses earning double-digit margins, the company has generated a persistently low Return on Equity (ROE) due to a failure to exit more commoditised

business areas and a highly overcapitalized balance sheet. The company cut its dividend unnecessarily in 2020 despite having more than 60% of its market capitalisation in cash and investments which should have offered ample cushion to maintain distributions to shareholders. We have engaged regularly with company management at board level to encourage positive changes to corporate governance, capital allocation, and to align management remuneration more closely with shareholders' interests. After some positive changes in 2019 that included a share buyback and adding another independent director, the company has again become too passive. We had warned the company that we would not support management without more tangible and meaningful positive changes such as meeting their 8% ROE target and moving to a majority independent board. However, there continues to be a lack of urgency from management in making any progress towards these goals.

As a result, we voted against re-election of the Chairman, President and CFO at the June 2021 AGM, against the recommendation of management and our proxy voting advisers. We explained our rationale to the company who acknowledged our concerns and say they will work to improve both corporate governance and capital allocation. We will continue to engage with the company in an effort to help to realise more of the value in Kyocera.

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.

At the October 2020 AGM, the company proposed to pay a dividend in the form of new Banco Santander shares. The payment of a dividend in shares is economically inconsequential (whilst investors possess more shares, the value of the company is unchanged and so the shares become individually less valuable). We voted against the proposal as we believe shareholders' interests are better-served by the company paying a sustainable level of cash dividend. Both the Board and Mondrian's proxy advisor had recommended supporting the proposal. We shared our views on this topic with the company, both in person and in writing. The company reiterated their aim to return to a full cash dividend, but said that a large portion of their retail investor base is positively disposed towards receiving a dividend in shares. The measure passed by a large majority.

At the March 2021 AGM, the company proposed to re-elect Mr Javier Botin to the Board, for a new three-year term. Mr Javier Botin is the brother of Banco Santander's Executive Chairperson, Ms Ana Botin. Mr Javier Botin represents the syndicated holdings of the Botin family who hold less than 1% of the outstanding shares. We opposed his re-election to the Board on the grounds that neither his experience nor the size of the Botin family's shareholding justified a seat on the Board. We had previously discussed this with Santander's Lead Independent Director and reiterated our views in writing at the time of the AGM. Both the Board and Mondrian's proxy advisor had recommended supporting the proposal, and Javier Botin's re-election was subsequently passed by a large majority.

ENI

ENI is a global integrated energy company listed in Italy, with operations mainly focused on upstream oil and gas extraction. At the 2021 AGM, Mondrian voted against management on an advisory resolution regarding executive remuneration.

The widespread effects of the COVID-19 pandemic made 2020 a challenging year for the energy sector, as a major dislocation of supply and demand for oil resulted in a depressed oil price for much of the year. Consequently, in such a difficult environment, energy company earnings were weak. ENI's statutory accounts recorded a net loss of €8.6bn, with free cash flow generation of -€0.9bn for 2020. The dividend was also cut by more than 55%. Given this context we were surprised and disappointed to see the headline pay award for the CEO had actually increased year-on-year.

We engaged with the Chair of the Remuneration Committee to understand the rationale for the award. We were informed that the executive incentives were modified in March 2020 to take into account the effects of the pandemic. Subsequently the revised targets were mostly achieved or exceeded, resulting in the high level of overall compensation. This effect was only somewhat mitigated by the partial deferral of both short and long-term incentives.

We acknowledged that setting targets for remuneration can be challenging in volatile periods, but we would expect the Remuneration Committee to exercise discretion when the remuneration outcomes are materially out of line with expectations. It does not appear that any discretion was exercised in this instance. We also noted that ENI's peers BP and Royal Dutch Shell cancelled short-term bonuses for 2020 resulting in considerably lower executive remuneration year-on-year, in line with our expectations.

At the AGM 38% of the votes cast were against the resolution; 62% were in favour, reflecting a high level of shareholder dissent against the executive remuneration scheme.

Cineworld

Cineworld is a leading global cinema operator, with locations throughout the US, UK, Central Eastern Europe and Israel. In 2018, the company acquired Regal Cinemas, the second largest cinema operator in the US. During 2020, Cineworld encountered a significant reduction in profitability and an increase in its debt burden as Covid-19 lockdown measures meant cinemas had to be closed for a lengthy period.

In December 2020, the Chair of the Remuneration Committee at Cineworld solicited Mondrian's views on a new proposed Long Term Incentive Plan (LTIP), to replace the existing scheme which they felt was no longer relevant given the significant fall in the share price since the terms were set. The proposed LTIP rewarded members of senior management with the issuance of new shares of up to 4% of the existing shares outstanding at varying levels of vesting if the share price in 3 years achieved pre-specified targets. It also included a change of control provision which would accelerate vesting if there was a change of control. Full vesting would imply a value of at least £33m each for the CEO and Deputy CEO, based on the current number of shares outstanding (excluding any potential dividends).

We responded to the initial proposal by highlighting that whilst we felt it was appropriate to incentivise the broader management team and other key senior executives, particularly as many of them have worked so hard to keep the business afloat during this difficult period, the proposed awards were excessive, especially as the CEO and Deputy CEO already owned around 20% of the company. We highlighted that the existing situation should provide sufficient incentive for them and ensures that they are aligned with the broader company's goals as well as minority shareholders' interests and therefore did not see the requirement for such an aggressive incentive plan.

We also argued that targets based solely on increases in the share price are inappropriate and profitability targets should be included within the parameters used for measuring performance in line with normal industry performance measurement standards.

Whilst minor changes were made to the initial proposed plan, including higher share price targets for the vesting percentages and capped awards (at a share price of £3.80 which Cineworld has never reached), we still felt the plan was too aggressive and notified the company of our intention to vote against the proposed resolutions at the upcoming EGM.

Although the vote passed, largely owing to the management's family holding company being eligible to vote, there was significant dissent with 30% voting against the revised plan.

Kyudenko

Kyudenko is one of the largest electrical engineering specialists in Japan and the leading Japanese solar power installer. The company is likely to benefit from a growing demand for building renovations, rising margins through the use of technology and the availability of a relatively cheap, skilled workforce, and the opportunity to expand regionally within Japan to gain market share.

Kyudenko has a traditional two-tier board structure common in Japan, comprising a management board including one nominated representative director, and a board of at least three Statutory Auditors to provide oversight. At the company's 2021 AGM, three statutory auditors were nominated for election but none of these met our independence criteria for this position, and we engaged with the company to express our concerns.

We firmly believe that boards with a majority of independent directors are more effective, and empirical studies show that Japanese companies with majority independent boards perform significantly better than insider boards. Independent directors bring diverse viewpoints and new experience to the board providing effective challenge and advice for the management team compared to individuals who have been long-serving at the company. Independent directors are also a useful safeguard for minority shareholders as they help to balance the needs of all stakeholders. It is therefore very important that such directors are seen to be independent of the management team – especially when they have additional statutory responsibilities such as audit sign-off.

We engaged with Kyudenko to express our concerns about the nominees, reminding the company's representative of a similar discussion regarding the independence of a statutory auditor nominated at the 2020 AGM. The company's representative replied that the board had carefully considered the candidates in the light of Tokyo Stock Exchange (TSE) guidance, also highlighting that they find it difficult to find suitable candidates for director positions given their location, remote from Tokyo and other listed companies. The company also gave additional information on the individual candidates. The explanation given highlighted that some of the difficulty finding suitable candidates stemmed from the two-tier board structure, as they prefer directors to have previous experience of working directly at the company, which they view as even more important for Statutory Auditors to enable them to conduct their investigations autonomously. Kyudenko further indicated that the board is considering changing the governance structure to the Supervisory Committee model, spurred by Japan's revised Corporate

Governance Code.

In response, we highlighted our belief that the TSE guidelines are not sufficiently stringent to ensure director independence, particularly for independent directors with statutory responsibility for audit sign-off, giving guidance on the policies used by our proxy advisor. We informed the company that we would be voting against all three statutory auditor nominations at the AGM and would continue to vote against independent directors who do not meet our own independence standards in future. We encouraged the company in its review of the governance structure, highlighting the benefits of inviting more independent directors onto the board.

This engagement encouraged us to write to other Japanese holdings to highlight the difference between the TSE independence criteria and the stricter criteria that we use, in an effort to prevent unsuitable candidates being nominated in the future and to highlight the importance we place on board independence and independent director selection.

Hypera

Hypera is a leading Brazilian healthcare group that develops, manufactures and sells pharmaceuticals in Brazil. In 2018, Brazilian prosecutors identified payments from Hypera to certain politicians as part of the "Lavo Jato" or "Car Wash" corruption investigation. According to Hypera, these payments had been made by an executive without the knowledge or authorisation of the company. The executive responsible was removed from office. Subsequently, the CEO and other board members also resigned from their roles, taking responsibility for the failure of oversight. In 2020, a significant shareholder and previous member of board, also reached a confidential personal settlement agreement with the federal prosecutors for an undisclosed sum, with no admission of guilt and concurrently repaid the Company approximately BRL$235m. Since the controversy, a new management team has been appointed, the Company formed a board committee to investigate the unauthorised payments and cooperated with the Brazilian prosecutor's enquiries, with a view to reaching a legal settlement to enable the company to conclude the issue. This process is ongoing, limiting the ability to make public disclosure regarding this issue or crystallise the potential financial impact on the company. Overall, we are satisfied that Hypera's current leadership team was not responsible for the historic issues and have taken appropriate steps to rectify the situation and enable the company to move forward.

At the company's AGM in April 2021, our proxy adviser recommended voting against accepting the company's accounts for 2020, despite the fact that the company's audit opinion was unqualified and the uncertainty over a potential liability duly disclosed. Furthermore, our adviser recommended voting against the re-election of the CEO and Chairman along with four other directors on the basis that they bear responsibility for the company's past governance failings as well as reflecting more general concerns over a lack of board independence and the presentation of the director elections as a unified slate. Given that there are no concerns with the company's current accounts and the issues raised are not attributable to the company's current management team, we believe that voting against accepting the accounts and against the election of management and the board members would serve little useful purpose and would likely have a significant destabilising impact on the company. While we acknowledge the shortcomings in the overall independence of the board and the format of the director elections, on balance we believe it more important to support the re-election of CEO and Chair, while expressing our other concerns through engagement with the company. Accordingly, we voted to accept the accounts and for the re-election of all the directors to the board.

Indiabulls Housing Finance

Indiabulls Housing Finance is an Indian mortgage lender whose activities are funded primarily through bank lending and corporate debt markets. Indiabulls had faced repeated and unproven allegations of wrongdoing at a time when Indian corporate debt markets were under stress, making it more difficult for the group to effectively manage the business. The company responded to these challenging conditions by making marked efforts to improve governance in order to recover the confidence of debt and equity markets. Our decision to continue to hold the stock within Emerging Markets portfolios was predicated on the company making continued progress with these plans.

We were therefore concerned to see that the company had received a qualified audit opinion on its accounts for the financial year ended March 31st 2020 as in the auditors' opinion the management had not properly applied the accounting standards in India in preparing the financial statements. However, the auditor noted that adoption of this treatment had no significant impact on the company's reported net financial position. We engaged with the company to understand the reasons behind the qualification of the accounts and to convey our concerns with the situation, which we considered was likely to delay the recovery of investor confidence in the company and was inconsistent with the company's efforts to improve standards of governance. While we accepted the company's decision in preparing the accounts had an immaterial impact on the reported financial position, we continued to believe this decision should not have been made and therefore remained concerned over standards of oversight at Indiabulls. At the company's AGM in September 2021, we resolved to vote against the re-election of AK Mittal, an executive director who was previously a member of the Audit Committee and hence could be seen as partially

responsible for the receipt of an adverse audit opinion. However, AK Mittal was reappointed as a director at the AGM with a large majority.

LG Chem

LG Chem (LG) is a Korean company with two core businesses; a mature and cash generative Petrochemical operation, and an earlier stage, high growth Lithium-ion battery business, which has a leading position in the Electric Vehicle (EV) battery industry. In 2020, LG put forward a proposal at an EGM to spin off its battery business into a wholly owned subsidiary, a move which was widely seen as a pre-cursor for a partial Initial Public Offering (IPO) as soon as 2021.

We voted against management and the recommendation of our proxy advisor in respect of this EGM item. Management highlighted a number of potential benefits from a partial IPO, with the primary one being a potential unlocking of value. Pure play EV battery peers trade at significantly higher valuations than LG Chem, so the spin-off could allow a more transparent valuation of this element of LG's business and raise the market value of the group. Management also highlighted potential benefits related to improved access to cheap "green" financing for the EV battery business and possible strategic investment from its vehicle-manufacturing customers.

Despite these potential positives, a key concern for us with the partial IPO route was that in the Korean market there are many examples of such corporate structures attracting significant holding company discounts, often exceeding 50% of underlying asset value. In our view, the risk of a creating a significant holding company discount outweighed the potential benefits of the IPO.

We engaged with the company to convey our concerns. In particular we highlighted our belief that a key reason for the particularly large holding company discounts seen in Korea is that the corporates concerned typically fail to link holding company shareholder returns to the wider operations of all investee companies. In such cases, the market rationally discounts the value of any operation which does not contribute to dividend returns, causing the group to trade at a substantial discount to the sum of its parts. Following this engagement, LG pledged to continue to drive holding company dividends from the results of all operations including their retained share of the battery business following any IPO.

While this pledge reduced the risk of a significant holding company discount being created, the risk remained to some degree. For this reason, we decided to continue to oppose the spin off despite the improved terms.

Data on votes cast in the general meetings of companies held on behalf of clients during the period

Please see the following link [to be included]