GuardCap Asset Management Limited
Statement on the UK Stewardship Code

INTRODUCTION

GuardCap Asset Management Limited (“GuardCap” or “the “Firm”) is a wholly-owned subsidiary of Guardian Capital LP (“GCLP”), which is part of Guardian Capital Group Limited (“Guardian Capital”). Guardian Capital is listed on the Toronto Stock Exchange (TSX: GCG, GCG.A). GuardCap is authorised and regulated by the UK Financial Conduct Authority and is a registered investment advisor with the US Securities and Exchange Commission.

This statement outlines the position of GuardCap with respect to the UK Stewardship Code (the “Code”), which was published by the Financial Reporting Council (“FRC”) in July 2010 and amended in 2012 and 2020.

Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long- term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

GuardCap is exclusively focused on managing two concentrated, long-only, global equity and global emerging markets equity strategies. As a fiduciary, our core objective is to achieve superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term. An integral part of this is our commitment to investing in the highest quality companies around the world that are capable of generating long term sustainable growth.

We define responsible investing as the integration of environmental, social and governance (ESG) considerations into investment processes and ownership practices, and believe that a company will not fulfil our objective of long term sustainable growth if it is involved in unsustainable ESG practices.

As we invest in both developed and emerging markets, we acknowledge that the importance of ESG factors will vary by country, industry and company, but an analysis of ESG issues forms a key part of every investment decision. Our investment teams are committed to active engagement with companies and vote in proxies for all holdings.

GuardCap is 100% owned by GCLP and operates as an autonomous investment entity within that group. All investment analysis and portfolio management activities pertaining to GuardCap's investment strategies are carried out in London. This business structure means that although GuardCap operates as an autonomous investment boutique, it has access to the support resources of a much larger organisation, which allows us to maintain an investment led culture in London.

Our business strategy is to hold investment at the centre of our activity, to seek long term client relationships, to keep to our core products and to close them to new investment if liquidity constraints begin to impinge on our ability to make investment decisions which we believe will add value to client portfolios.

GuardCap's culture is centred on putting clients first, and we believe that our people are our most important asset. GuardCap consists of individuals with diverse perspectives and backgrounds working together towards the same objective. As at 31 December 2020, GuardCap had 22 employees based in London (21) and Paris (1), including nine investment professionals (all based in London). The experience across our investment teams provides significant insight and depth to our discussions with management teams across the world.

Our investment teams are driven by an adherence to a shared investment philosophy: that long-term, sustained growth in earnings and cash flows drives returns, quality protects against downside risk, and valuation matters. Each investment team is solely dedicated to the management of their respective asset class. Our investment approach focuses on long-term thinking, long-term forecasting and long term holding periods. We believe that by undertaking in-depth fundamental research, and by thinking in years instead of quarters, whilst methodically building confidence in companies' long-term potential, we can uncover attractive investment opportunities that are typically missed by market participants focused on the short-term, and enhance the potential to generate returns whilst protecting against downside risk.

We undertake concentrated and rigorous analysis, supported by in-depth research and modelling, to ascertain whether the companies under coverage meet our exacting (and uncompromising) criteria for quality and growth. Our investment teams carry out approximately 120 company meetings per year, as well as approximately 330 other "touch points", such as results webcasts and Investor Days. They travel to meet with companies at their headquarters and operating facilities, host meetings and attend company conferences, as well as participating in all conference calls and Investor Days offered by the companies in the portfolio or “High Confidence Pool” or “Buy List”. These company contacts are a critical part of the analytical process and are conducted for companies along the value chain, including key competitors, suppliers, customers and distributors.

The result is highly concentrated portfolios (20-30 stocks) offering exposure to high quality, sustainable, long-term growth companies. We believe this creates long-term value for clients and beneficiaries, and leads to sustainable benefits for the economy, the environment and society over the long term.

In terms of how effective we have been at serving the best interests of our clients and beneficiaries, both of our strategies have outperformed their respective indices, with lower volatility then their indices (as defined by the standard deviation) since their inceptions*.

*Gross of fees for the Guardian Fundamental Global Equity and Guardian Emerging Markets Equity composites, in USD, as at 31 December 2020). Past performance is not necessarily indicative of future results.

PRINCIPLE 2: SIGNATORIES' GOVERNANCE, RESOURCES AND INCENTIVES SUPPORT STEWARDSHIP

GuardCap has enabled effective stewardship through its governance structure and processes, including having access to the resources and infrastructure of our parent company. Our Board of Directors and Chief Investment Officer have ultimate oversight and accountability for responsible investment across the Firm. GuardCap's Board of Directors is made up of George Mavroudis and Steve Bates, who have an average of more than 30 years' experience across a range of industries not limited to investment management. Our Chief Operating Officer, Arieta Koshutova attends all meetings and equally has long experience in a range of businesses involved in investment.

In addition to our Board of Directors, our investment teams are responsible for the oversight and accountability as well as the implementation of responsible investing for their respective strategies. As such, each investment manager is responsible for including ESG considerations in his/her analysis, and it is one of our 10 investment criteria.

All senior managers and investment team members must have a responsible investment objective in their development plans and are encouraged to involve themselves in training on related topics. In addition to ongoing continuous professional development, relevant employees are provided with periodic training on ESG matters and the importance of responsible investing, particularly at times of development in these areas – for example, such as preparing for the Sustainable Financial Disclosure Regulation (SFDR).

Performance management programmes have been designed to incentivise GuardCap's investment teams to integrate stewardship into processes and decision-making. The compensation of each member of our investment teams is made up of two components: a base salary and an incentive compensation bonus (ICB). The base salary is reviewed every year and adjustments are made to ensure we remain competitive. It is expected that the bulk of each individual's compensation consist of ICB disbursements. There is therefore a formulaic link between the overall wellbeing of the investment strategies and the compensation received by the individuals, which makes them like shareholders in their own strategy and goes beyond a narrow interest in performance over any given period. We recognise that the wellbeing of our strategies depends on the performance of those strategies, but it also depends on continuing to fulfil our clients' expectations as to how their money is invested. Our expectation is that long-term consistent outperformance will lead to a steady revenue stream over the long term, bringing stability to the ICB year on year.

GuardCap promotes diversity and inclusion and considers both to be key factors in the continued success of the Firm. At present, GuardCap's investment teams are balanced by gender (50% women, 50% men) and all teams are comprised of individuals across a range of ages, nationalities, professional experience, education and qualifications. We believe that the diverse demographic characteristics enhance the diversity of opinions, which, combined with the investment processes of our investment teams, is a unique strength of the Firm.

In addition, GuardCap has established a dedicated ESG Working Group, which is comprised of members from all teams within the business and which meets at least once per month to discuss relevant developments and action points. The overall objectives of the ESG Working Group are as follows:

- Identify "best practice" in terms of responsible investing to ensure our approach is competitive and aligned with the expectations of investors and the requirements of regulators
- Research and understand the different responsible investing initiatives, for example, the Task Force on Climate-related Financial Disclosures (TCFD), with the objective of issuing support or becoming a signatory to those that are most aligned with our values and long term strategy

- Implement a strong reporting framework to ensure we are transparent with our clients, for example, case studies and engagement activities
- Ensure client expectations are shared and understood between our client teams and investment teams, with input from an operational and compliance perspective, as well as shared with the resources of our parent company, Guardian Capital, and vice versa
- Identify new systems and technology that could help support our investment research, risk management or client servicing efforts

GuardCap's investment research is proprietary and conducted in house with very little input from the investment banking world. Investment in systems and support for research is readily available, and the team will use commissioned external research when needed. In terms of improvements to GuardCap's governance, resources and incentive structures, we will continue to monitor our existing structures, including the effectiveness of the Board, and will continue to invest in our people, as well as in systems, processes, research and analysis.

PRINCIPLE 3: SIGNATORIES MANAGE CONFLICTS OF INTEREST TO PUT THE BEST INTERESTS OF CLIENTS AND BENEFICIARIES FIRST

GuardCap recognises that stewardship activities and company engagement can on occasion lead to conflicts of interest arising. We have implemented Proxy Voting and Conflicts of Interest policies to ensure that proxy voting decisions are handled appropriately where there is a potential conflict of interest. Our Proxy Voting Policy can be found under the Governance & Policies section on our website at www.guardcap.co.uk/library and our Conflicts of Interest Policy is available on request from GuardCap's Chief Operating Officer, Arieta Koshutova (akoshutova@guardiancapital.com).

GuardCap maintains a robust policy to seek to identify and manage conflicts of interest. We look to identify and to prevent or manage conflicts of interest that arise in the course of providing services, between:

- The Firm including its managers, employees or any person directly or indirectly linked to them by control, and a client of GuardCap; or
- one client of the Firm and another client.

In compliance with FCA rules, we take a risk-based approach to identify areas of potential conflict of interest, to manage and mitigate conflicts of interest, and to consider all conflicts when designing and implementing policies and procedures. The Conflicts of Interest Policy is reviewed on at least an annual basis by our Compliance team to identify any additional procedures that might be performed to improve the management of potential conflicts of interest.

To assist with the identification and prevention of potential conflicts of interest between the Firm and its clients, all employees are required to seek prior approval for any personal account dealing or outside business interests, notification of gifts and/or entertainment as well as complete annual compliance declarations as to their adherence of the Firm's compliance policies and procedures.

As part of our procedures with regards to proxy voting, we anticipate situations where conflicts of interest could arise in order to ensure that we are able to properly identify and manage potential conflicts. Some examples include, but are not limited to, conflicts arising as a result of the ownership structure with our parent company, through differences in stewardship policies between us and our clients or simply if our clients' interests diverge from one another. In addition, we are aware that members of the investment team could involuntarily be exposed to material non-public information ("MNPI") as part of their analysis and company engagement. If any issues of concern are identified by an employee regarding the receipt of MNPI, it is the Firm's policy that this is escalated directly to the Compliance team who will implement the necessary controls and restrictions.

It is GuardCap's policy that votes are cast in the best interest of the client that 'owns' the vote, however, we are aware that conflicts of interest could arise when voting for multiple clients. For this reason, we would not vote shares in one client's account to the detriment of another client.

To date, no conflicts of interests in respect of proxy voting have arisen that we are aware of. If a material conflict were to be identified by one of our team, this would be escalated to the Chief Operating Officer, Arieta Koshutova, and discussed with the investment team. This discussion would determine whether voting in accordance with standard policies is in the best interest of the affected clients and determine whether it is appropriate to disclose the conflict to give them the opportunity to vote their proxies themselves.

PRINCIPLE 4: SIGNATORIES IDENTIFY AND RESPOND TO MARKET-WIDE AND SYSTEMIC RISKS TO PROMOTE A WELL-FUNCTIONING FINANCIAL SYSTEM

Risk management is embedded in our investment processes. Whilst our portfolios are relatively concentrated (20-30 companies), the volatility of our strategies' returns has been lower than that of the indices (as defined by the standard deviation).

Risk control is integrated into the stock selection process through a consideration of the following risks:

- **Business risk:** the risk that a business will suffer a significant loss of value because of an unforeseen major trading loss, accounting error or fraud, a fundamental flaw in its business model, the advent of a new technology which renders its core product obsolete and other kinds of negative developments specific to the business. We aim to alleviate this source of risk through investing in high quality, large, stable businesses, with proven high quality management teams and an orientation to strong ESG practices. We believe that the intensity and depth of our analysis sets us apart from our competition. We concentrate our analytical firepower on a small "High Confidence Pool" or "Buy List" of up to 50 companies, rather than diluting our time and effort over a large number of companies.

- **Valuation risk:** the risk of investing in a company at a point where its valuation is excessive, leaving limited upside even if things continue to go well, and considerable downside if, for example, the company announces disappointing earnings. Our investment processes involve the use of fundamental intrinsic valuation techniques that aim to protect against paying too much for a high quality growth stock. Looking at the long-term (50 years if available) stock price and earnings growth of companies shows that over time total returns closely track earnings per share growth. This relationship, however, breaks down if the purchase price is at a level that already discounts all (or more) of the projected long-term earnings growth. The valuation approach, which is based on a combination of the Discounted Cash Flow model and Terminal Price to Earnings model, is designed to prevent overpaying – i.e. investing in overvalued stocks.

- **Economic risk:** this refers to the risk that a company or group of companies can lose significant value in the event of an economic downturn. A key tenet of our investment process is that we seek to invest in high quality companies with secular growth tailwinds and limited sensitivity to economic cycles. We assess how the company has performed in previous downturns, whether the company is exposed to secular growth industries and whether the company's competitive advantage is potentially under threat. We also aim to ensure that the company is well diversified in terms of the markets that it serves, reducing reliance on any single set of economic variables.

These risks are assessed during the due diligence process and through maintenance research, as well as taken into account at the pre-trade modelling stage, which helps to ensure:

- Diversified geographic revenue exposure
- Diversified secular trend exposure
- Avoidance of inadvertent exposure to highly correlated stocks

GuardCap's investment philosophy is based around exploiting a pervasive, fundamental shortcoming in financial markets, which is that the information that markets use to attribute value to companies is short term in nature.

When assessing companies' growth potential, we do so with a 5-10 year time horizon in mind, compared to the market generally focusing on the next quarter or the next year. We believe that by creating portfolios capable of generating long term double-digit earnings per share growth, we will be able to generate long-term double-digit compound growth in the value of assets invested in our strategies.

We recognise that ESG aspects are integral to a company's performance and increasingly guide and influence government, as well as policy-makers' actions, and that all three aspects ('E', 'S', and 'G') are important. The ranking of importance differs by country and sector (environmental aspects are more critical for companies that have high CO2 emissions or disrupt the environment during production, or their products do), but strong governance is key across sectors. With good governance, it is more likely that the 'E' and 'S' considerations and company policies will be strong or industry leading. Conversely, weak governance or historical mishaps that were not properly addressed, can be a red flag and would require an even more rigorous analysis of the 'E' and 'S', with an increased emphasis on third-party verification and monitoring. Equally, weak social or environmental policies can be a signal of weak governance.

Our investment teams take ESG risks and opportunities into consideration throughout the investment process, including a consideration of climate change, modern slavery and a company's alignment or conflict with the UN SDGs.

Furthermore, as part of our company-specific analysis, we consider the strength and sustainability of secular growth trends affecting the industry in which a company operates. This is one of our 10 investment criteria, and we would not invest in a company whose industry does not have a significant long-term secular growth tailwind. To identify and analyse these trends, six times a year, the team conducts a "DORA Day", which includes an activity and a discussion of two papers written by two members of the investment team. DORA is an acronym for "Day Out Researching Anything". DORA Days are used as a potential source of new investment ideas and to discuss secular growth trends that could represent an opportunity or a threat to any of the companies in the portfolio or "High Confidence Pool" or "Buy List". Disruption to the company's business is typically caused by external factors, therefore in-depth analysis of a company itself is not sufficient to comprehensively assess the long-term threats and opportunities. We believe that our library of more than 80 DORA papers enables the team to understand the wider context for investment in a company, and that this constitutes a clear investment edge over our competitors. Of the more than 80 papers written over the past five years, approximately 40% of them cover an element of ESG (i.e. 13 papers on the environment, 27 on social issues and 1 on governance, with some overlap).

In March 2020, our investment teams conducted a thorough assessment of their portfolios to understand the potential impact of COVID-19 on their portfolio holdings, in particular any changes caused by the pandemic to the long-term secular growth trends that the portfolio companies are exposed to. The investment team also analysed potential short-term impacts to the financial positions of the portfolio companies and conducted credit analysis to identify any potential areas of stress in the portfolio. In April 2020, two of our investment managers wrote DORA Day Papers entitled "COVID-19: The Long Term Implications" and "Post COVID-19 World". These papers identified what we believed would be the most impactful short and long term implications for governments, consumers and corporates. The papers considered these implications in the context of potential investment opportunities and as potential threats to the companies within our portfolios.

The following screenshot provides a snapshot of some of the most recent DORA Day topics:

DORA Day Topics

March 2021	From Small Molecule to Biologics
	The Future of Flight
December 2020	Responsible Consumption and Production
	Digitisation of Humans
August 2020	Solar Power
	The Data Economy – Opportunities and Threats
July 2020	Digital Currencies
	Edge Computing
April 2020	COVID-19: The Long Term Implications
	Post COVID-19 World
Feb 2020	Climate Change
	Facial Recognition

For illustrative purposes only

GuardCap is a signatory of the Principles for Responsible Investment (PRI) and a member of the Investment Association (IA). Through these initiatives, we adhere to the relevant standards and industry association guidelines that promote sustainable investment practices.

PRINCIPLE 5: SIGNATORIES REVIEW THEIR POLICIES, ASSURE THEIR PROCESSES AND ASSESS THE EFFECTIVENESS OF THEIR ACTIVITIES

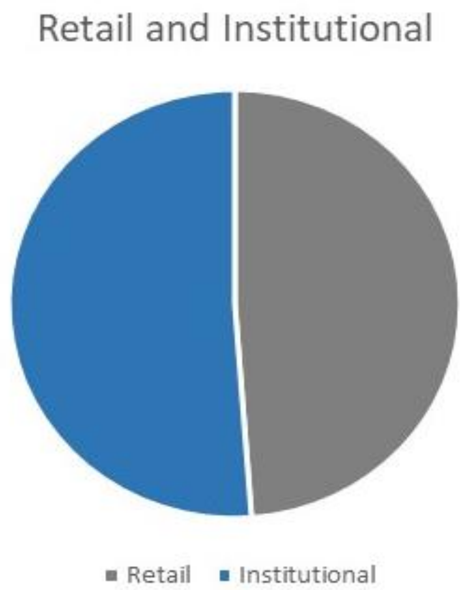
GuardCap reviews policies relating to compliance and investment on at least an annual basis in line with its compliance function, which includes monitoring and assessing the adequacy of each policy to enable effective stewardship in addition to meeting regulatory obligations. For example, over the past 12 months, GuardCap has published an Engagement Policy, Modern Slavery Statement, as well as the documentation required for the Sustainable Financial Disclosure Regulation (SFDR). Policy development is overseen by the Compliance and Operations teams with assistance from the Client Servicing team and ESG Working Group as needed. Any changes made to policies are included in a summary to the Board of Directors, which are reviewed and approved on an annual basis. These policies are publically available on the firm's website along with proxy voting information, which is disclosed on an annual basis.

GuardCap receives external assurance over the effectiveness of its compliance polices through the use of a third party compliance advisor, Robert Quinn Consulting. This third party firm is able to provide an external and unbiased view of the contents of the Firm's compliance policies and procedures. With reviews and monitoring performed by both internal and external sources, GuardCap seeks to ensure that stewardship reporting is fair, balanced and understandable as well as leading to the continuous improvement of stewardship policies and processes.

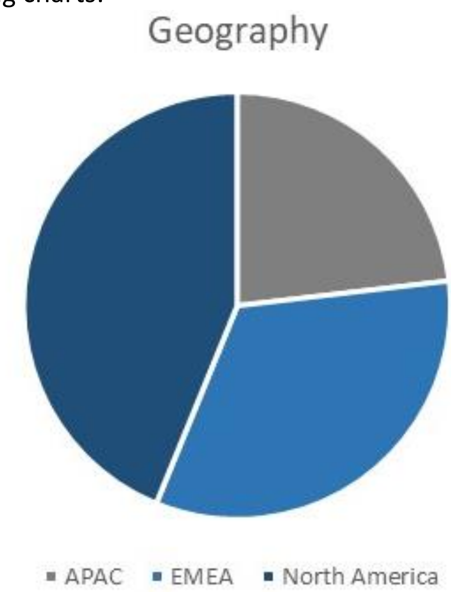
PRINCIPLE 6: SIGNATORIES TAKE ACCOUNT OF CLIENT AND BENEFICIARY NEEDS AND COMMUNICATE THE ACTIVITIES AND OUTCOMES OF THEIR STEWARDSHIP AND INVESTMENT TO THEM

GuardCap is focused on managing money through separate accounts and pooled funds for endowments, foundations, insurance companies, pension funds, religious and other institutions, as well as for asset managers, family offices, private banks, retail banks, wealth managers and other financial intermediaries. Our clients are based across North America, Europe, the Middle East and Asia Pacific.

GuardCap's investor base is summarised in the following charts:



Retail includes GuardCap's pooled funds and WRAP accounts; Institutional includes all separate accounts



Based on location of clients

All data is as at 31 December 2020

We endeavour to build long term relationships with clients who share our investment philosophy and beliefs, i.e. that building concentrated, high conviction portfolios (20-30 companies) with double-digit long term growth in earnings and cash flows, should translate into similar absolute returns, providing we have not overpaid for the company (valuation discipline is key). This absolute return objective, if achieved, would be above the benchmark, with lower risk (lower volatility of returns).

From the outset, we communicate our investment approach and objectives to clients, and endeavour to keep an ongoing dialogue regarding the companies held within our portfolios. We hold formal meetings with clients, typically on a quarterly or annual basis, depending on their requirements. During these meetings, we would encourage an open dialogue and attempt to address their questions or concerns regarding their portfolio. In addition, we provide monthly newsletters and quarterly reports, which often include ESG ratings and portfolio commentary, and share our findings on ESG and active ownership practices of portfolio companies upon request.

In terms of proxy voting, we recognise that it is an important right of shareholders and where we have discretion to vote proxies for our clients, we will vote those proxies in the best interest of clients and in accordance with our policies and procedures. For clients that do not want proxy voting for their account, and have indicated this in writing, it is GuardCap's policy to abstain from voting proxies.

All proxies notified to the Firm by its clients' custodians/prime brokers will be referred to the investment managers who are authorised to vote proxies, where applicable, on behalf of clients. Some of our clients wish to be actively involved in the proxy voting process, in which case, we will work with them to discuss and ascertain a position ahead of time. To assist with the proxy voting process, we subscribe to Institutional Shareholder Services (ISS), but we do not automatically follow the recommendations. Our votes are the result of a case-by-case review by the investment managers.

In addition, GuardCap commits to keeping records of ESG analysis and engagement activities, and making them available to clients and to the PRI organisation. We undertake to provide information on holdings, upon request, to clients who wish to know about situations where our opinion or conclusions differ from those of the external ESG rating agencies. GuardCap's proxy voting activities are fully documented and can be accessed via the following link:
https://www.guardiancapital.com/library?tab=4&sort=date**.**

PRINCIPLE 7: SIGNATORIES SYSTEMATICALLY INTEGRATE STEWARDSHIP AND INVESTMENT, INCLUDING MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, AND CLIMATE CHANGE, TO FULFIL THEIR RESPONSIBILITIES

An analysis of a company's ESG issues forms a key part of every investment decision. We believe that a comprehensive analysis of a company's business and growth potential has to incorporate all material risks and opportunities, including ESG-related risks and opportunities. This analysis is at the core of our investment process with a focus on whether and how these risks and opportunities will affect the long-term sustainability of the company's competitive positioning and capacity for growth.

We seek companies that demonstrate good corporate governance practices in terms of management structure and remuneration processes, high quality reporting and disclosure and strong environmental and social commitments. For example, if a company is viewed to be irresponsibly polluting the environment or mistreating its employees or the communities in which it operates, we would view this is a headwind to the company's ability to sustain superior growth over the long-term and it would not make it through our due diligence process or be included in the portfolio.

Our investment approach already steers us away from the most environmentally damaging and controversial sectors such as energy, mining, commodity chemicals and heavy industry, because companies in these sectors typically fail a number of our quality and growth criteria, due to characteristics such as high cyclicality, low differentiation, high capital requirements and regulation, among others.. We also do not have any exposure to companies involved in weapons manufacturing, oil and gas production, pornography and tobacco.

We aim to go well beyond simplistic "box ticking" and consider any controversial issues on a case-by-case basis. For example, one of our companies is penalised in their score by rating agencies due to existence of double voting rights, whereby only shareholders that have been in the register for over two years are granted full voting rights. Rather than a negative, we view this as a positive action to encourage a long-term shareholder base, which in turn will allow the company to make long-term strategic decisions. We view this as a genuine attempt to avoid the short termism that plagues so much of corporate decision making. We are long-term shareholders and we want to invest in companies that have the flexibility and long-term oriented culture to achieve strong compounding earnings growth over a long-term time horizon.

We use data from external ESG data providers to see whether they highlight any areas of controversy in the company's ESG practices. If so, we conduct further analysis on these issues to assess the implications. In some cases, our assessment and conclusions might differ from that of the external providers. They serve a different purpose and have diverse users whose ESG criteria might not completely align with our own holistic "FSG" approach. We take an absolute approach to assessing companies' capacity for sustainable long-term growth.

Furthermore, we assess the alignment (or conflict) of the companies in our portfolios with the SDGs, and companies with products and/or services that conflict with the SDGs or trends towards social and environmental responsibility will not meet one at least 2 of our key criteria – 1) secular growth – as they will likely face headwinds trying to grow against the prevailing developments, 2) and FSG. Companies with high ESG risk profiles typically drop out of our investment processes in the early stages.

Several of our DORA papers cover topics that discuss factors related to the SDGs and responsible investment – for example, in 2020, our investment managers wrote papers on Responsible Consumption and Production (SDG 12), Solar Power and Climate Change.

The process: ESG-related risks and opportunities are considered from the early stages of idea generation and throughout the research process. All companies are scored on 10 quality and growth criteria, including FSG, and weak performance in any of these criteria could preclude investing in the company.

As part of FSG, we explicitly consider whether any of the company's practices or risk exposures conflict with our objective of investing in companies capable of generating long-term sustainable growth – this being the key source of alpha in our investment process. Our investment managers analyse a company's disclosure in terms of its policies and practices, as well as its organisational structure, for example, an assessment of a company's industry and global standing in terms of ESG, senior management involvement in ESG, and whether clear and measurable targets are set and met. We consider a number of environmental impacts, such as a whether the company's products or services contribute towards reducing emissions, the company's carbon footprint, and whether the production chain results in toxic or hazardous waste, among others. In terms of social factors, we consider a number of aspects including but not limited to a company's labour practices, diversity and inclusion policies, as well as the social impact of its products and/or services. In terms of corporate governance, our investment managers consider topics such as a company's board composition, internal controls, executive compensation structures, accounting transparency and shareholder rights, among others.

We expect that as companies publish more detailed and consistent data, the assessment of more of these aspects will become more relevant and insightful. These assessments and conclusions are documented throughout the research process, both during the new idea generation process and in quarterly updates (maintenance research). Full examples of research and analysis of ESG (or in our case FSG) are available to clients upon request.

An example of the scoring system used by the Emerging Markets Equity team is as follows:

Emerging Markets Equity Team – FSG Score

FSG SCORE	Company SCORE
ENVIRONMENTAL	**8.8**
Climate Change	8.0
Natural Resources	9.0
Pollution and Waste	9.0
Opportunities	9.0
SOCIAL	**8.0**
Human Capital	8.0
Product Liability	7.5
Stakeholder Treatment	8.0
Social Opportunities	8.5
GOVERNANCE	**8.0**
Board Composition	8.0
Internal Controls	8.5
Shareholder Rights	8.0
Executive Compensation	9.5
Control	8.0
Accounting Transparency	6.0
ESG SCORE (Out of 10)	**8.3**
EXTERNAL ESG SCORES	
ISS Quality Score	2
Sustainalytics	97
Robecosam Sustainability Rating	97
MSCI ESG Rating	AA
S&P Global ESG Score	87

For illustrative purposes only
Source of external ESG scores: Bloomberg

PRINCIPLE 8: SIGNATORIES MONITOR AND HOLD TO ACCOUNT MANAGERS AND/OR SERVICE PROVIDERS

Comprehensive and continuous proprietary research and monitoring of account managers, service providers and investee companies is at the core of the Firm's processes. From a stewardship perspective, it is important to the Firm that service providers are held to account on the quality of service being rendered. For providers who offer a direct service to GuardCap, such as those involved in custodial activities, administration or proxy voting, monitoring will likely include regular meetings to maintain working relationships and address any issues in the service being provided. For services that are rendered more indirectly, such as data and research providers, the service will be monitored by the individuals responsible for using it on an ongoing basis.

For example, ISS provides proxy analyses and recommendations. Our investment managers take these recommendations into consideration, and we cast our own votes using Broadridge's ProxyEdge platform, so we control the process and make sure that voting is executed in line with our policies.

Any issues identified in the services provided to GuardCap can be raised with the Operations team and ultimately the Chief Operating Officer. At present, the Firm has not experienced any significant issues of providers delivering a service that did not meet its needs. If any issues were to be raised as to the quality of service received from any provider, this would be immediately addressed with the provider to work towards a solution to improve quality. In an extreme scenario, if improvements were unable to be achieved then GuardCap may consider terminating the relationship with that provider.

PRINCIPLE 9: SIGNATORIES ENGAGE WITH ISSUERS TO MAINTAIN OR ENHANCE THE VALUE OF ASSETS

Active ownership is deeply embedded in our investment philosophy and we vote on every resolution and corporate action proposed by our companies. If the company is engaged in a practice that concerns us, we will engage with the company on this issue before investing, seek to learn more about it and encourage positive change.

Whilst we endeavour to invest in the highest quality companies around the world, occasionally, we identify opportunities where a company's practices or attributes lag "best practice" in an area that we feel we can influence as investors. In such cases, we engage with the company to try to persuade them to implement improvements or at least give it serious consideration. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as an asset owner to encourage companies to improve their practices.

Our engagements with companies typically take the form of ongoing dialogue with company management through regular meetings at a company's headquarters or GuardCap offices and telephone calls. In instances where we have concerns or believe our concerns have not been adequately addressed, we may choose to escalate our engagement with the company to discuss these issues further.

In order to engage more systematically, we have set out an Engagement Framework to use with companies going forward. We have provided an outline as follows:

1. Devise a plan to engage
2. Engage – talk to the company
3. Track progress
4. Ascertain the need for further engagement
5. Assess the potential impact of the outcome on investment decisions

In addition, we may choose to vote against company management at an Annual General Meeting (AGM).

Following our discussions with management and any steps taken to escalate our activities, we will continue to monitor the company's actions to see if our concerns have been adequately addressed.

On occasion, we may seek to engage with other investors where we feel a collective approach may enhance a message and outcome.

Ultimately, where management is not adequately recognising or addressing areas of concern that we believe may present material financial or reputational risk to the company, we may sell our holding.

Two examples of our engagement activities in 2020 include:

Date of engagement: 2 September 2020
Description: 1x1 virtual meeting with Non-Executive Director, Chairperson of the Remuneration Committee, portfolio company
Engagement on: CEO remuneration, board composition, management
Summary of questions asked and topics discussed:

- Key philosophy and history of executive remuneration at the company
- Discussion of situation five years ago and developments since then
- They asked why GuardCap voted against their remuneration policy - we explained the rationale

- Discussed potential paths toward aligning with best practice
- Culture of the board, diversity of backgrounds, nationalities. We challenged them on identifying potential weaknesses of the board
- Proliferation of individuals at executive level who worked together with the CEO prior to joining the company. We asked how they ensure diversity, avoid 'group think' and ensure that the CEO is not surrounding himself with people that will not challenge him

Conclusion: We were satisfied with the company's responses and continue to monitor their developments in the areas outlined

Date of engagement: 23 November 2020
Description: 1x1 virtual meeting with Head of Supply, Chief People Officer, Chief Legal Officer, Investor Relations, portfolio company
Engagement on: Supply chain, health, environment and employee turnover
Summary of questions asked and topics discussed:

- Risk of food contamination and actions taken over past three years to avoid it?
- Regarding your quality assurance system, you have what you describe as "comprehensive" control measures (including 25 sets of quality assurance modules) and "world-class" in-house integrated supply chain infrastructure: what more can be done? To what extent are you vertically integrated? i.e. what proportion of the supply chain is fully-owned? How has this changed over time?
- Number of suppliers? How often do you remove a supplier due to concerns? Average length of supplier relationship? What are you doing to stamp out modern slavery in the supply chain?
- Rise in obesity and risk that fast food companies will be targeted? Do you reveal the nutritional status of products?
- Any dialogue with the National Health Commission and targets set?
- Low scores by ISS for Environment and Social. Do you agree with the ISS scoring? What areas are most in need of improvement?
- In addition to the targets for the environment set out in the sustainability report, are there other things you are doing to address the environmental impact, for example, reducing the carbon footprint of your supply chain (crop production, animal rearing, transportation of product, etc.)?
- External engagement survey: Score in the last few years? Local and global averages? Most common grievances? Full-time staff turnover?
- Plans for more women on board of directors?

Conclusion: We were satisfied with the company's responses and continue to monitor their developments in the areas outlined.

NB: Examples given are extracts from research notes.

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers

GuardCap's investment professionals regularly engage with companies to seek to improve the outcome for shareholders. Generally, we conduct our engagement activities through one-on-one meetings with company management and Board of Directors as we prefer to act independently on issues that we have identified. However, on occasion, we may be willing to participate in collective engagements where we believe it is in our client's best interests. Key factors we take into consideration in deciding whether to participate in a collective engagement include whether:

• the engagement objectives of the collective group are consistent with GuardCap's objectives;
• we believe engaging as a collective group will be more successful than one-on-one;
• engaging as a collective group could be interpreted as having "acted in concert" with another financial institution. If we believe this may be the case we will not participate.

GuardCap is a signatory of the Principles for Responsible Investment (PRI) and a member of the Investment Association (IA). GuardCap is committed to promoting the six PRI principles:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Through these initiatives, we adhere to the relevant standards and industry association guidelines that promote sustainable investment practices.

An example of an engagement during which GuardCap engaged with other assets managers was on the subject of governance for one of our portfolio companies. We initially had calls with the company to discuss our concerns, and subsequently contacted another asset manager who was a large investor in the company, to discuss the action we might take. We then decided to back this asset manager's proposal to work with other asset managers in backing resolutions to appoint two independent directors, and attended the AGM in Paris to publicly ask questions and vote against the company's proposal.

PRINCIPLE 11: SIGNATORIES, WHERE NECESSARY, ESCALATE STEWARDSHIP ACTIVITIES TO INFLUENCE ISSUERS

Whilst we endeavour to invest in the highest quality companies around the world, occasionally we identify strong companies that meet our criteria, but lag “best practice” in an area that we feel we can influence as investors. In such cases, we engage with the company to try to persuade them to implement improvements. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as an asset owner to encourage companies to improve their practices.

Ultimately, companies with high ESG risk profiles typically drop out of our process in the early stages of our investment processes, and it is therefore rare that we would need to escalate stewardship activities to influence issuers, however, we would of course escalate any issues we identify which could act as barriers to sustainable growth. The ways in which we would do this are outlined within our response to Principle 9.

PRINCIPLE 12: SIGNATORIES ACTIVELY EXERCISE THEIR RIGHTS AND RESPONSIBILITIES

Where GuardCap has been granted discretion to vote the proxies of our clients, we will vote those proxies in the best interest of our clients and in accordance with our policies and procedures. For clients that do not want proxy voting for their account, and have indicated this in writing, it is our policy to abstain from voting proxies. This voting process is the same for all clients, regardless of the amount of the funds, assets or the geography of each client. GuardCap does not participate in stock lending. Our Proxy Voting Policy can be found under the Governance & Policies section on our website at www.guardcap.co.uk/library.

All proxies notified to us by our clients' custodians/prime brokers will be referred to the investment managers who are authorised to vote proxies, where applicable, on behalf of clients. To assist with the proxy voting process, we subscribe to Institutional Shareholder Services (ISS), but we do not automatically follow the recommendations. Our votes are the result of a case-by-case review by the investment managers and their conclusions.

When voting proxies, we apply the following guidelines:

- For routine housekeeping proposals such as the election of directors where no corporate governance issues are implicated, the reappointment of auditors, or increases or reclassification of common stock, we generally vote in favour.
- For proposals which limit shareholders' ability to replace management or directors of an issuer, or cause management to be overrepresented on the board, introduce cumulative voting, unequal voting rights and create supermajority voting, we generally vote against.

For other proposals, we shall determine whether a proposal is in the best interest of our clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and our opinion of management;
- whether the proposal acts to entrench existing management;
- whether the proposal fairly compensates management for past and future performance;
- whether the proposal is likely to strengthen the issuer's business franchise and therefore benefit its shareholders over a time frame that is relevant for our clients' portfolios.

There may be limited circumstances where we will abstain from voting or affirmatively decide not to vote if we determine that abstaining or not voting is in the best interests of the client. In making such a determination, we will consider various factors, including, but not limited to:

- the costs associated with exercising the proxy (e.g., translation or travel costs); and
- any legal restrictions on trading resulting from the exercise of a proxy.

In 2020, GuardCap's Global Equity team voted on 100% of the shares held. The team voted against management on 9 occasions, against shareholder resolutions on 3 occasions, and withheld a vote on 1 occasion. Some examples of the rationale for voting against management, against shareholder resolutions and for withholding votes were as follows:

"The newly appointed CEO received outsized equity awards totalling nearly USD 250 million." (Voted against management)

“We are voting against the production of various reports, adoption of policies, establishment of committees and hiring of directors given that it seems to be an attempt to micro manage the company in areas where there is already sufficient disclosure or oversight”. (Voted against shareholder resolution)

“We are withholding votes in favour of three directors as they preside over compensation practices that are over generous and lack performance related elements.” (Vote withheld)

Over the same 12 months, GuardCap’s Emerging Markets Equity team voted on 97.5% of the shares held, with the exception of one company, due to excessive voting costs. The team voted against management on 18 occasions, and did not vote against any shareholder resolutions or withhold any votes. Some examples of the rationale for voting against management were as follows:

“Insufficient disclosure.” (Voted against management)

“Additional diversity-related disclosure would allow shareholders to better assess the effectiveness of the company's diversity initiatives and its management of related risks.” (Voted ‘For’ to support a shareholder proposal requesting the company to publish a report on the diversity of the company’s management team)

“Electing non-independent nominees to the Board would fail to establish a board on which a majority of the directors are independent directors.” (Voted against management)

All votes held were in line with our voting policy.

GuardCap’s proxy voting activities are fully documented and can be accessed via the following link: https://www.guardiancapital.com/library?tab=4&sort=date.