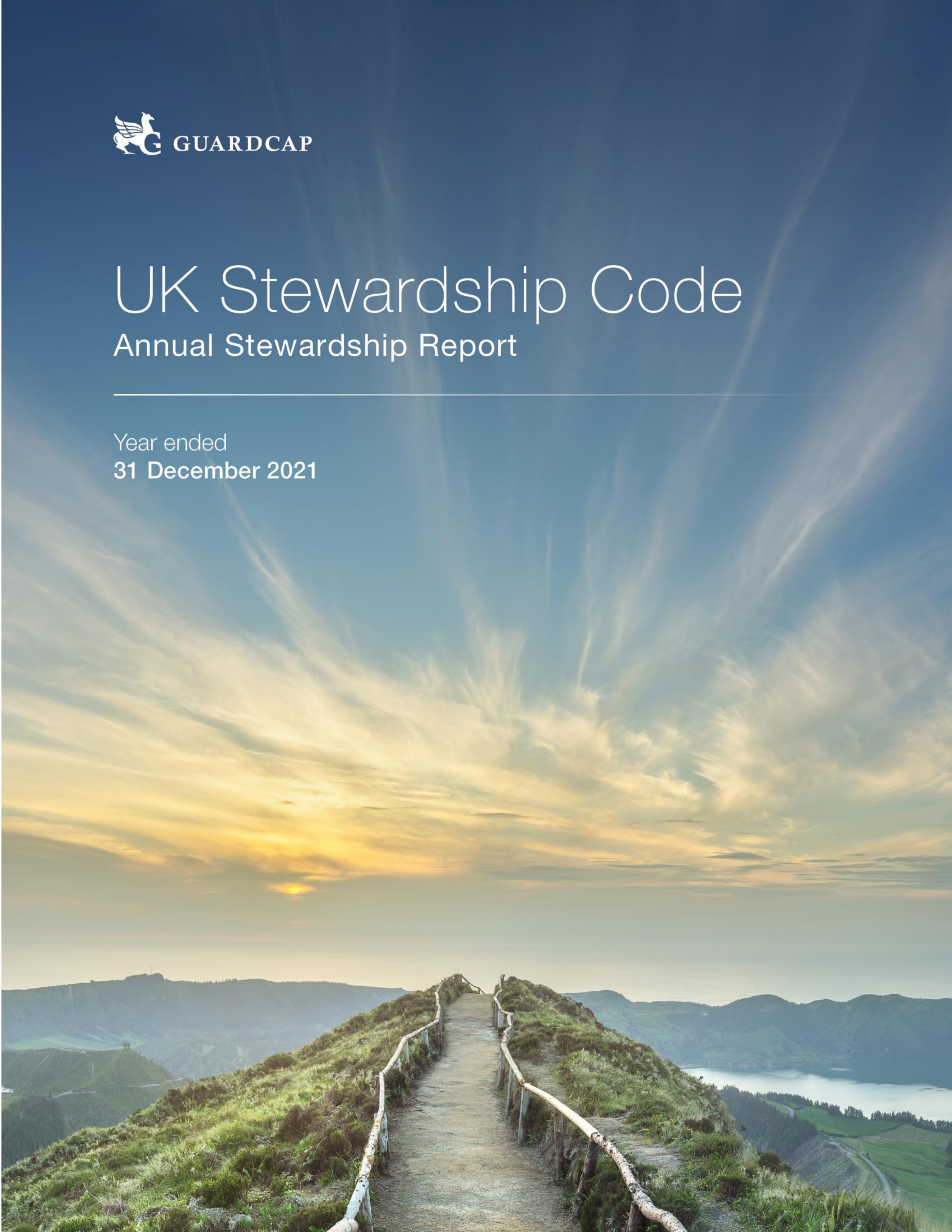

GUARDCAP

UK Stewardship Code

Annual Stewardship Report

Year ended
31 December 2021

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Introduction

Our business focuses on the long term, and we commit to investing in some of the highest quality companies around the world that are capable of growing sustainably over the long term. We build concentrated portfolios which means that we spend our time focusing on a small number of companies, that meet our teams' investment criteria (including a company's "Foundations for Sustainable Growth"), and take our time to understand a company over many months, or even years, before we decide to invest.

Because we expect to own an investment for many years, it is vital that any potential investment pursues high standards of stewardship and corporate governance, or it will not survive our desired holding period. Our research is proprietary and well documented, with the majority of our teams' time spent on "maintenance research", or staying on top of developments in our investee companies and holding them to account. This involves company meetings and engagements, as well as voting at company general meetings.

2021 began with lockdowns in most parts of the world, and the rollout of vaccines and more effective therapies meant that we began to see more normality, at least in the UK, by the middle of the year. Where possible, we have operated a hybrid working model, with our teams spending approximately three days per week in the office. Our ability to visit companies and meet clients in person (particularly in Asia) has been made easier, but is not yet back to the levels we saw before the pandemic.

Through this time, we were fortunate to be able to continue to manage our business, investment processes and portfolios with minimal disruption. Our investment teams remained focused on research and portfolio management; our Client Service team continued to provide a high level of service to our clients; and our Operations, Risk and Compliance teams adapted to what was GuardCap's strongest period of growth since 2014.

This report details some of GuardCap's stewardship activities during the reporting year 2021, written to align with the principles of the UK Stewardship Code. The stewardship principles outlined within this report apply to both of GuardCap's strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

We hope that our clients and stakeholders will find it of interest and we look forward to discussing our continued developments over the months and years ahead.

Steve Bates
Chief Investment Officer

History and Ownership

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 ("GCG"). GCG is listed on the Toronto Stock Exchange (TSX: GCG, GCG.A). GuardCap is authorised and regulated by the UK Financial Conduct Authority (FCA) and is a registered investment advisor with the US Securities and Exchange Commission (SEC)[1].

In July 2003, Steve Bates and Clive Lloyd founded Zephyr Management (UK) Limited ("Zephyr"), under the ownership of Zephyr Management LP, US. In December 2013, GCLP announced the acquisition of Zephyr and the acquired company's name was changed to GuardCap Asset Management Limited. This transaction was completed in April 2014, following receipt of the appropriate regulatory clearances.

[1] GuardCap is a Registered Investment Adviser with the US SEC. SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the adviser has attained a particular level of skill or ability.

Principle 1

How our purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and leads to sustainable benefits for the economy, environment and society

Business Structure

GuardCap operates as an independently regulated investment entity within the GCG and all investment analysis and portfolio management activities pertaining to GuardCap's investment strategies are carried out in London.[2]

This business structure means that although GuardCap operates as an independently regulated investment business, it has access to the support resources of a much larger organisation, which allows us to maintain an investment led culture in London. At the same time, GuardCap is not subject to short-term pressures or shareholder demands, which supports our long-term investment approach.

As at 31 December 2021, GuardCap had 24 employees based in London (22), Paris (1) and Luxembourg (1), including 8 investment professionals (all based in London), and managed more than USD 14.4 billion for clients across two long-only equity strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

In managing only two strategies, which follow the same investment philosophy, all employees of GuardCap are clear on how we invest, and we work together with our clients' needs at the forefront.

There is a strong alignment of interest between our investment managers and our clients, with all of our investment managers investing significant amounts of their personal capital in their respective strategies.

Our Purpose and Strategy

GuardCap's 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.

Our business strategy is to put our clients first. To do this, we hold investment at the centre of our activity; we seek long-term client relationships; we keep to our core products; and we limit capacity by closing our products to new investment if liquidity constraints begin to impinge on our ability to make investment decisions. We believe these principles add value to client portfolios.

[2] Trading, account management and proxy voting execution are carried out by GCLP.

Our Culture and Values

We recognise the importance of culture to an organisation, and believe GuardCap's culture is fundamental to its continued success.

In 2014, we set out to identify and describe GuardCap's vision, mission and culture. We identified the key pillars of the firm's culture as **stability**, **trustworthiness** and **integrity**. These pillars underpin GuardCap's core values, beliefs and behaviours, which were formalised in a paper entitled *"Sustaining the GuardCap Culture for the Long-Term".*

We recognise that in order to uphold these key pillars, we must:

1. Put clients first;
2. Act with integrity and honesty in everything we do;
3. Act as a team, rather than as a group of individuals; and
4. Strive for excellence.

The following section provides an overview of how we have consistently applied GuardCap's core values, beliefs and behaviours to our investments and business practices, which form the basis of our culture and enable us to act as responsible long-term stewards of capital.

1. Putting clients first

Clients are our number one, two and three priority, and we seek to attract clients who share our investment philosophy and understand the advantages and disadvantages of our investment approach, i.e. those that understand the importance of being patient – because we invest for the long term. We endeavour to provide clients with full disclosure on the nature and attributes of our investment style, and communicate on an ongoing basis, and even more so during challenging periods for performance. At the same time, we make it clear that we will not accept interference in our investment processes from external parties (except for specific agreed mandate restrictions), regardless of their size or importance to our business, and are responsible for ensuring that any possible conflicts of interest are identified and managed from the outset.

2. Acting with integrity and honesty in everything we do

High ethical standards and integrity are at the core of our business. As part of this, we make investment decisions based on rigorous and thorough in-depth analysis, and only invest when we have high conviction. We are agnostic as to the components of our benchmark indices, and we only invest in companies that we believe can sustain growth over the long term. Our investment decisions are fully transparent and we write everything down so a full audit trail is available for our clients to access. We recognise that we will make mistakes, are honest about those mistakes, and do what we can to learn from them.

3. Acting as a team, rather than as a group of individuals

We recognise that collaborative teamwork raises the probability of finding the best long term investment opportunities for our clients, and lowers the probability of making mistakes. Our culture means that we are collectively responsible for success and failure, and when mistakes happen, we recognise that they are not made by an individual but by a team.

We ensure knowledge sharing within and across teams. On the investment side, this ensures that our investment managers have a deep understanding of the rationales for all portfolio holdings and regularly challenge each other on their levels of conviction. We have measures in place to help avoid “group think”, and have designed our investment processes to minimise the risk of our investment managers making decisions based on emotion, or “falling in love” with a stock, as we recognise that this can have a detrimental effect on investment outcomes.

The hierarchy is intentionally flat and roles are almost identical across our investment teams, with all members of our Global Equity team possessing the title of “Investment Manager”. All of our investment managers are analysts – this helps to avoid an “us and them” mentality, and the blurring of the lines makes the operation of a team-based approach much easier. With that said, we recognise that some hierarchy has to exist to provide leadership when it comes to portfolio construction.

GuardCap places huge importance on a thorough hiring process in order to find exceptional people who fit the culture of the group. Finding team players without egos is a central element of the interview process and we have rejected many candidates for demonstrating selfish ambition.

We place significant importance on hiring and maintaining teams made up of the most diverse and talented employees that we can find. All teams within the business, including our investment teams, are made up of individuals across a range of ages, nationalities, professional experience, education and qualifications. In 2021, our investment teams were balanced by gender (50% women, 50% men[3]) and we believe that diverse demographic, educational and experiential characteristics enhance the diversity of opinions, which, combined with the investment processes of our investment teams, provides significant insight and adds depth to our discussions with management teams across the world.

We strongly believe that our focus on teamwork and diversity is integral to our culture and is of intrinsic value to the success of our business and ultimately, our clients.

Furthermore, as mentioned previously, there is a strong alignment of interest between our investment managers and our clients, with all of our investment managers investing significant amounts of their personal capital in their respective strategies.

[3] Does not include a senior adviser to the Emerging Markets Equity team

4. **Striving for excellence**

We hire individuals with a strong work ethic and we strive for excellence, recognising that the higher the quality of our analysis the more likely we are to succeed in meeting the objectives of our clients. Our teams follow well-honed, disciplined investment processes that focus our efforts and we do not cut corners: it is extremely difficult and time-consuming for a company to make it into our portfolios, and typically takes between 6-15 months to take a new idea through the investment process.

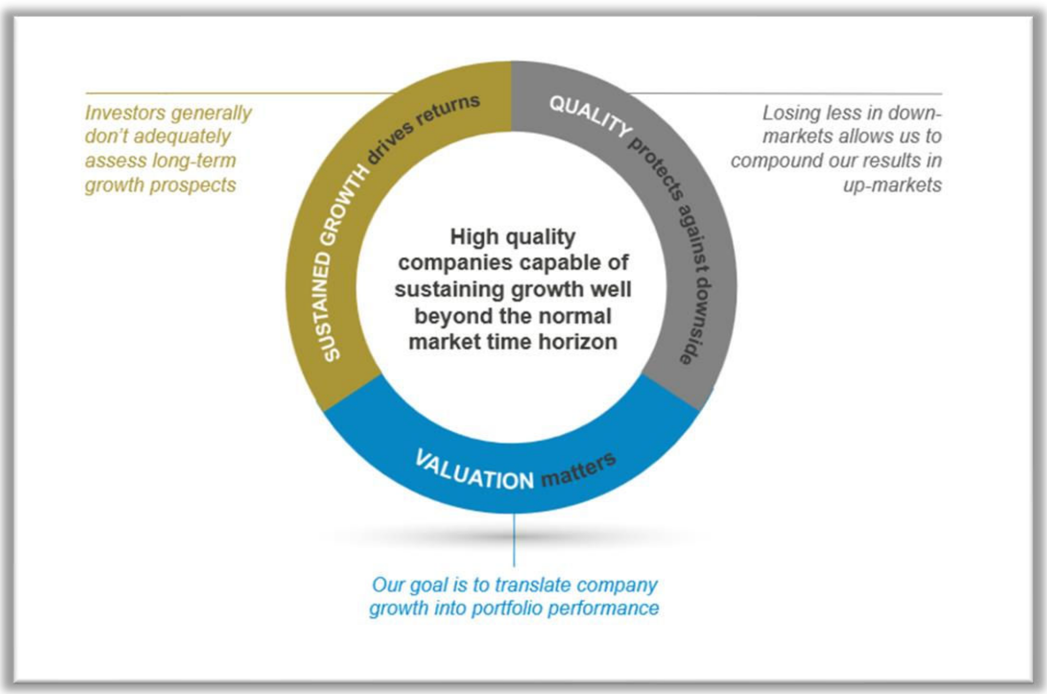
In terms of the relationships we have with our clients, we are responsive and humble in our dealings, and recognise that excellence in client service is a key dimension required for the success of our business. We are committed to our investment teams spending at least 90% of their time on investment activities, and therefore have a dedicated Client Service team, which is responsible for communicating with clients on an ongoing basis.

Equally, we ensure that our Operations, Risk and Compliance teams perform to the highest standards in meeting operational and regulatory demands.

Our Investment Beliefs and Strategy

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 growth 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.

The following diagram provides an overview of GuardCap's investment philosophy:



Each investment team is dedicated to the management of their respective strategy, and we undertake rigorous in-depth analysis and produce a live model for each company analysed to ascertain whether the companies under coverage meet our exacting and uncompromising criteria for quality and growth.

Our investment teams carry out an average of 115 company meetings per year, as well as a number of other “touch points”, such as results webcasts and Investor Days. They travel to meet companies at their headquarters and operating facilities, host meetings and attend company conferences, as well as participating in the majority of conference calls and Investor Days offered by the companies in the “High Confidence Pool” or “Buy List”, which includes the companies within our portfolios. These company contacts are a critical part of our analytical processes and we meet a company’s key competitors, suppliers, customers and distributors, and others along the value chain. We believe this approach is important in helping us understand exactly the kind of company we are looking at, and acts as an additional lens through which we can identify any potential risks or opportunities.

How our purpose and investment beliefs have guided our approach to stewardship, investment strategy and decision-making

As long term investors, we start with the principle that no investment will be made unless the company we are researching has a purpose and beliefs that align with those long term principles. We aim to hold an investment for years if not decades, so it is vital that a long term perspective is shared. No company can survive in the public markets for any length of time if it does not follow principles of good stewardship. This means that we need to focus on the calibre of governance and on how the business addresses questions to do with climate change, diversity and inclusion as well as other social and environmental factors as an integral part of assessing the long term prospects of any potential investment.

As we set out elsewhere, our decision making process is incremental; it is about building confidence in a company; it is about observing its behaviour before we invest; and it is about its transparency and honesty in addressing our questions. If we cannot satisfy ourselves that a potential investment has addressed or (in some cases) will address our concerns, we will not invest. Our purpose and investment beliefs by their nature demand good stewardship and they are inextricably bound to our strategy and decision making process. With very low turnover and concentrated portfolios, we do not make many decisions, which means that these elements must be intimately related if we are to deliver for our clients.

Beyond the investment process itself, we believe that a supportive, committed and well-capitalised parent company with a long-term institutional mind-set alleviates external pressure to raise assets and enables us to maintain our investment-led culture, and to focus on our core objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term.

Our investment teams manage highly concentrated portfolios (20-30 stocks) offering exposure to high quality, long-term sustainable growth companies. We believe this creates long-term value for clients and beneficiaries, and leads to better outcomes for the economy, the environment and society over the long term.

Assessment of our efficacy in serving the best interests of our clients

In terms of how effective we have been at serving the best interests of our clients, we believe we have upheld our core objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term, with both of our strategies outperforming and achieving a lower downside capture than their respective indices and over the last five years[4].

With that said, over the last five years, the standard deviation of our Emerging Markets Equity strategy has been slightly higher than that of its benchmark (17.15% versus 16.63%)[5]. We attribute this to greater than anticipated share price volatility for a number of the investments held within the strategy.

At the same time, 2021 was a challenging year for the performance of both of our strategies. Despite this, our assets under management continued to grow from USD 8.6 in December 2020 to USD 14.4 billion in December 2021, and regardless of the short-term pressures this brought to our business from a client service and operational perspective, we continued to hold investment at the centre of our activity.

As part of this growth, our Global Equity strategy began nearing capacity. To uphold our commitment of closing products to new investment if liquidity constraints begin to impinge on our ability to make investment decisions, we made a decision to stop actively marketing the strategy to large institutional clients. We informed our existing clients of our capacity constraints, and made clear that we would prioritise their interests over those of any prospective clients looking to invest. This decision enabled us to strengthen our relationships with our existing clients, a number of whom have since allocated more capital to the strategy.

Throughout 2021, we adhered to our disciplined investment philosophy, and actively communicated the reasons for the underperformance to our clients.

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[4] Gross of fees for the Guardian Fundamental Global Equity and Guardian Emerging Markets Equity composites, in USD, over five years to 31 December 2021. Past performance is not necessarily indicative of future results.
[5] As measured by standard deviation for the Guardian Emerging Markets Equity composite versus the MSCI Emerging Markets Index, in USD, over five years to 31 December 2021.

Principle 2

Governance Structures

An integral part of our commitment to achieving superior returns for our clients is investing in the highest quality companies around the world that are capable of achieving long-term sustainable growth. We are acutely aware that if we find ourselves unable to meet this commitment, our business will likely suffer. It is for this reason that we have stringent processes in place, to ensure good governance within our investee companies, and within GuardCap itself.

GuardCap Board of Directors

GuardCap's Board of Directors has ultimate oversight and accountability for ensuring effective stewardship across the firm. Our Board of Directors is made up of the President and Chief Executive Officer (CEO), GCG, and GuardCap's Chief Investment Officer (CIO), both of whom have more than 30 years' experience across a range of industries, not limited to investment management. GuardCap's Chief Operating Officer (COO), is Secretary to the Board, and equally has long experience in the financial services industry.

GCG's CEO reports to GCG's Board of Directors, and is responsible for growing GCG's business over the long term, and for satisfying the requirements of shareholders and regulators.

GuardCap's CIO reports to the CIO of GCLP, and is responsible for ensuring that our investment teams adhere to our stated investment philosophy at all times.

GuardCap's COO reports to GuardCap's CIO, and to GCG's Head of Compliance, who in turn reports to GCG Board of Directors. This role is responsible for ensuring that GuardCap is compliant with all applicable rules and regulations, as well as ensuring a smooth and effective operational set-up.

We believe these individuals bring vast experience from both an asset manager and asset owner perspective, and ensure that our business is governed effectively, with good stewardship at the forefront.

GuardCap Operations Committee

GuardCap's Operations Committee is made up of GuardCap's CIO, COO, Head of Global Equity and Head of Client Service. The committee meets regularly, and provides review and oversight of all operational matters including responsible investing, which is a standing agenda item.

Other Committees

There are four formal committees employed by GuardCap's parent company, GCLP, to ensure consistency and adequate risk control across the firm and its investment strategies. GuardCap's CIO and COO report to executives at GCLP and GCG, who represent their interests at these committees and communicate outcomes. The four committees are: Governance Committee, Asset Mix Committee (of which GuardCap's CIO is a member), Broker Selection and Allocation Committee, and Risk Governance Committee.

More detail on these committees is provided below:

Governance Committee

On a quarterly basis, the committee reviews and provides follow-up instructions based on the Quarterly Governance Oversight Report. This report includes details on a variety of topics including: deviations from client policies, risk metrics, soft dollars and directed commissions, proxy voting, asset mix, personal trading, failed trades, and so forth.

Asset Mix Committee

The Asset Mix Committee's purpose is to oversee the management of multi-strategy client portfolios. It specifically addresses asset mix composition/allocation and areas for advice or communications to clients as it relates to the make-up of their portfolios. Meetings are held at least quarterly, but may occur more frequently if required. Committee decisions are recorded in formal meeting minutes and archived.

Broker Selection and Allocation Committee

This committee reviews all brokerage relationships and commission expenditures for the prior period. The committee discusses any concerns that they have relating to a brokerage firm's financial health, regulatory compliance, operational ability, or inability to provide a value added service. The committee has the right to suspend trading with a particular firm or investigate any questions that have been raised. In addition, the committee reviews the total commission dollars (or trading volume) allocated to a particular brokerage firm and considers whether any unusually high concentrations need to be investigated to ensure that they are justified based on value added by the brokerage firm or other reasonable circumstances. The committee also reviews the appropriateness of the commission rates paid, and meets quarterly.

Risk Oversight Committee

The Risk Oversight Committee oversees the various investment strategies offered by GCLP (including those of GuardCap) in the context of the investment-related risks embedded in these strategies. It specifically addresses the potential risks of excessive losses for clients invested in these strategies and any related corporate risks should clients suffering such losses seek compensation. This committee meets quarterly.

Responsible Investing Oversight Committee

In addition to the aforementioned committees, GCLP has a Responsible Investing Oversight Committee. This committee has oversight and accountability for responsible investing over GCLP and all of its subsidiaries, including GuardCap. The committee meets quarterly and is composed of nine members appointed by the CEO of GCG. These senior executives were selected to ensure that all aspects of our business are considered and represented.
The committee is made up of:

CIO, GCLP
Head of Responsible Investing (Chair), GCLP
Head of Institutional Asset Management, GCLP
Head of Canadian Retail Asset Management, GCLP
Chief Compliance Officer, GCLP
Senior Vice President, Strategic Planning and Development

Subsidiary representatives:
CIO, GuardCap
Principal and Portfolio Manager, Alta
Managing Director and Portfolio Manager, Agincourt

Investment Teams

In addition to GuardCap's Board of Directors and the aforementioned committees, our investment teams are responsible for ensuring good stewardship and the implementation of responsible investing for their respective strategies. As such, our investment managers are responsible for including environmental, social and governance (ESG) considerations in their analysis, and a company's "Foundations for Sustainable Growth" is one of the 10 investment criteria that we ascertain before investing in a company.

In 2021, our investment teams were made up of seven investment managers and one investment analyst (four women and four men6), with an average of 20 years investment experience, with two of our Global Equity investors working together on the same strategy for over 25 years. Each of the individuals brings rich and diverse experience and perspectives, and all team members collaborate at all stages of the investment process, and challenge each other in terms of their investment research and decision-making.

Responsible Investing Team

GuardCap has a dedicated Manager, Responsible Investing, who is independent from, but works closely with, all teams within the business, including client service, investments, compliance, risk and operations. This individual is involved in a number of responsible investing initiatives, including working with senior management to set objectives and targets at the firm level, establishing an industry-leading structure in terms of client reporting, and working with the investment teams to ensure best practices are being communicated and implemented.

GuardCap's Manager, Responsible Investing, reports to the Head of Responsible Investing for GCLP, as well as the Head of Client Service at GuardCap.

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[6] Does not include a senior adviser to the Emerging Markets Equity team

ESG Working Group

In 2020, GuardCap established a dedicated ESG Working Group, which is comprised of members from all teams within the business and meets at least once per month to discuss relevant developments and action points. The overall objective of the ESG Working Group is to ensure client expectations and regulatory requirements 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, GCLP, and vice versa. The group continued to meet throughout 2021, with the representatives taking a leading role in a number of investment-focused and firm-wide initiatives.

Diversity

All teams within our business, including our investment teams, are made up of individuals across a range of ages, nationalities, professional experience, education and qualifications. In 2021, our investment teams were balanced by gender (50% women, 50% men[7]) and we believe that diverse demographic, educational and experiential characteristics enhance the diversity of opinions, which, combined with the investment processes of our investment teams, provides significant insight and adds depth to our discussions with management teams across the world.

We strongly believe that our focus on teamwork and diversity is integral to our culture and is of intrinsic value to the success of our business and ultimately, our clients.

Service Providers

Our investment research is proprietary and conducted in-house with very little input from the sell-side. Investment in systems and support for research is readily available, and our teams will use commissioned external research when needed. To support our ESG research and analysis, we use Bloomberg, Clarity AI, Institutional Shareholder Services (ISS), RobecoSAM, Sustainalytics and S&P Capital IQ Pro (Trucost). For our proxy voting activities, we reference ISS and place votes using Broadridge. We review these providers on at least an annual basis to ensure they are meeting the requirements set out in the Service Level Agreements (SLAs). For more details, please refer to Principle 8.

[7] Does not include a senior adviser to the Emerging Markets Equity team

Incentives

Performance reviews for GuardCap's investment teams have been designed to encourage good stewardship across our investment activities. Active ownership of our companies is a key contributor to the long-term success of our strategies, and consequently to investment managers' remuneration.

All senior managers and investment team members have a responsible investment objective in their development plans and are encouraged to involve themselves in training on related topics. In addition to ongoing professional development, our investment teams are provided with periodic training on ESG matters and the importance of responsible investing – for example, in terms of understanding the requirements of the Sustainable Financial Disclosure Regulation (SFDR) and the importance of incorporating climate change considerations into investment decision-making.

Individuals are assessed and remunerated based on how well they have performed against each of their objectives in any given year, and taking an active approach to ESG and stewardship is part of that assessment.

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 consists 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.

Policies and Processes

All policies that outline our approach to stewardship are subject to review on at least an annual basis, and must be approved by GuardCap's Operations Committee and Board of Directors. We continually review our stewardship processes in line with client expectations, industry developments and regulation.

Efficacy of chosen governance structures and processes in supporting stewardship

GuardCap's approach to governance, resourcing and remuneration has remained consistent since our founding, and we believe the structures we have in place enable the effective oversight and accountability of our stewardship activities. Without sufficient governance, resourcing and incentives in place, we would be unable to meet our core objective of achieving superior returns for our clients.

During 2021, we hired two additional members to GuardCap's Client Service team. One of the hires is a Senior Director, Benelux, and the other is a Product Manager. The former has extensive experience within the asset management industry, a formal qualification in sustainability (MSt Sustainability Leadership) from the University of Cambridge, and sits on the ESG Working Group. The latter has extensive product and client relations experience. These individuals have enabled us to add more structure to our Client Service team, to gain further insight into client jurisdictions, and to enhance our stewardship efforts as a result.

In addition, during 2021, we subscribed to an additional service provider, Clarity AI, to further enhance our access to sustainability-related data.

While we believe that stability in our structure is important, we acknowledge that the landscape in stewardship and governance evolves. That is why all employees have specific objectives in their annual appraisals to ensure that these factors are front of mind. Further, we will continue to monitor our existing structures, including the effectiveness of our Board of Directors and management committees, and to invest in resources that further our stewardship efforts.

Principle 3

Conflicts of Interest

GuardCap recognises that stewardship activities and company engagement can on occasion lead to potential conflicts of interest. In compliance with FCA rules, we take a risk-based approach to identifying areas of potential conflicts of interest, to managing and mitigating conflicts of interest, and to considering all conflicts when designing and implementing policies and procedures.

Some potential conflicts of interest include:

- conflicts arising as a result of the ownership structure of our parent company
- if there is an incentive to favour one client over another
- where a client has an association with one of our investee companies, such as the pension fund of a listed company
- where we vote at a meeting which has a shareholder proposal submitted by a client
- if an individual or team is involuntarily exposed to material non-public information (MNPI)

To ensure that all potential conflicts of interest are identified and managed appropriately, GuardCap has a Conflicts of Interest Policy. The Policy outlines the importance of our governance structures, policies and processes in managing potential conflicts. In conjunction with our Compliance Manual, employees are given detailed guidelines for issues relating to proxy voting, MNPI, personal account dealing, outside business interests, gifts and entertainment, etc. Employees must complete annual compliance declarations as to their adherence to the firm's compliance policies and procedures, including our Conflicts of Interest Policy and Compliance Manual. Our Conflicts of Interest Policy is available here.

The 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.

For funds and separate accounts where clients have delegated the responsibility for voting to GuardCap, we would ensure that all votes are cast in the same way.

For separate accounts, where clients have opted to vote for their own account, and have indicated this in writing, we do not vote for those accounts.

However, we seek to maintain an open dialogue with our clients, and for those who have requested, we share our voting intentions and rationale ahead of time. This has often resulted in clients voting in the same way.

GuardCap's Proxy Voting Policy is available here.

Efficacy of our approach

To date, we are not aware of having had any conflicts of interests relating to our stewardship activities. If a material conflict were to be identified, this would be escalated to GuardCap's COO and discussed with the relevant employee(s). This discussion would determine how the potential conflict of interest should be handled in the best interest of the affected client(s).

Principle 4

How we identify and respond to market-wide and systemic risks

GuardCap's parent company, GCLP, operates a group-wide risk management framework, and has several committees in place to ensure adequate risk controls across the firm. These controls ensure that market-wide and systemic risks are identified and managed effectively.

GuardCap's CIO and COO report to executives at GCLP and GCG, who represent their interests at these committees and communicate outcomes. The four committees are: Governance Committee, Asset Mix Committee (of which GuardCap's CIO is a member), Broker Selection and Allocation Committee, and Risk Governance Committee. Please refer to Principle 2 for more details on each of these committees.

Market-wide and systemic risks and themes are identified and considered through the lens of our portfolio companies and the wider context in which they operate. An analysis of these risks ultimately determines how we align our investments.

GuardCap's investment teams are responsible for identifying stock-specific risks in the context of the industry and country in which a company operates. GuardCap's Risk Manager is responsible for ensuring that our investment teams are aware of the levels and concentrations of portfolio investment risks, and that these are consistent with our investment strategy and approach. We recognise that to be able to identify and manage the risks to the companies in which we invest, we need to be able to understand market-wide and systemic risks more generally.

The following section outlines the market-wide and systemic risks that we have identified, and the ways in which we attempt to manage them:

Macroeconomic Risk

This refers to the market-wide risk that a company or group of companies can lose significant value in the event of an economic downturn or a recession, which might be caused by a decline in the business cycle or by an economic shock.

A key tenet of our investment process is that we seek to invest in high quality companies with industry secular growth tailwinds and limited sensitivity to economic cycles. We assess how a 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 aim to ensure that the company is well diversified in terms of the markets it serves, reducing reliance on any single set of economic variables.

We recognise that one of the key risks in investing, particularly with concentrated portfolios, is the inadvertent build-up of exposure to a risk factor common to a number of stocks in the portfolio, which then renders the portfolio liable to a particular event or set of circumstances. For example, exposure to a number of indebted companies could lead the portfolio as a whole to be abnormally liable to an increase in interest rates. We use the Axioma risk model to identify such exposures and to analyse the amount of ex ante risk and different sources of risk in the portfolio. We use Style Analytics to understand further our factor positioning compared to our peers and the benchmark.

In addition, we use Bloomberg to conduct scenario analysis at the individual stock and portfolio level. This involves taking into consideration a number of different scenarios, for example, the Lehman default (2008), Japan Earthquake (2011), Greece Financial Crisis (2015), among others, that could have an impact on our investments and the financial markets more generally. In the reporting period, the significant macroeconomic risks that we identified included the ongoing impact of the COVID-19 pandemic on economies, a broad-based increase in interest rates, the effect of new private sector regulations in countries such as China and higher inflation resulting from a confluence of factors including supply chain constraints.

Environmental Risk

As long-term investors, we recognise that climate change and the environmental risks associated with it pose a systemic risk and will have far-reaching implications across industries, the financial markets and global economy.

As such, we consider companies' exposure to a number of environmental factors including energy management, water and waste management, air pollution, and biodiversity, and we try to assess the preparedness of the companies within our portfolios for the transition towards a net zero economy. To do this, we look at a number of factors including a company's climate commitments and plans for achieving those commitments (making reference to the Science-Based Targets initiative (SBTi) and Task Force for Climate-Related Financial Disclosures (TCFD), their assessment and management of the perceived physical and transition risks in their operations and supply chains and their investment in climate solutions and resources. More generally, we consider the potential impact that the physical and transition risks associated with environmental issues and specifically climate change will have on our investee companies.

Our portfolios have no exposure to energy, mining or commodity chemicals, because the 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. At the same time, we look to invest in businesses that are positioned to grow sustainably over the long term, and 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 our portfolios.

To help protect our investors and formalise our existing investment approach, we have formally implemented exclusions for our UCITS funds and seek to exclude direct investment in corporate issuers that are involved in the manufacture or production (subject to a specific revenue threshold[8]) of activities including but not limited to:

- Controversial weapons (to include anti-personnel landmines, cluster munitions, biological weapons and chemical weapons);
- Firearms or small arms ammunition;

[8] Specific revenue threshold applied is 5% based on a company's annual report.

- The extraction of fossil fuels and/or the generation of power from them; and
- Tobacco products

Social Risk

Our investment teams look at a number of social factors, including but not limited to, diversity equality and inclusion, employee retention, health and safety, human rights, child labour, and their status (or otherwise) as a signatory of the United Nations Global Compact. These factors are viewed in light of data from our data providers, which are used to identify potential issues or areas of controversy (red flags), which will be assessed in more detail. The assessments and conclusions are documented throughout the analytical stages and included in the Total Immersion Analysis or Initiation reports.

We would view any significant failings in these areas as a compromise to a company's ability to achieve long-term sustainable growth and it would not make it through our due diligence process or be included in our portfolios.

The aforementioned 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, in addition, to ensure:

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

Governance Risk

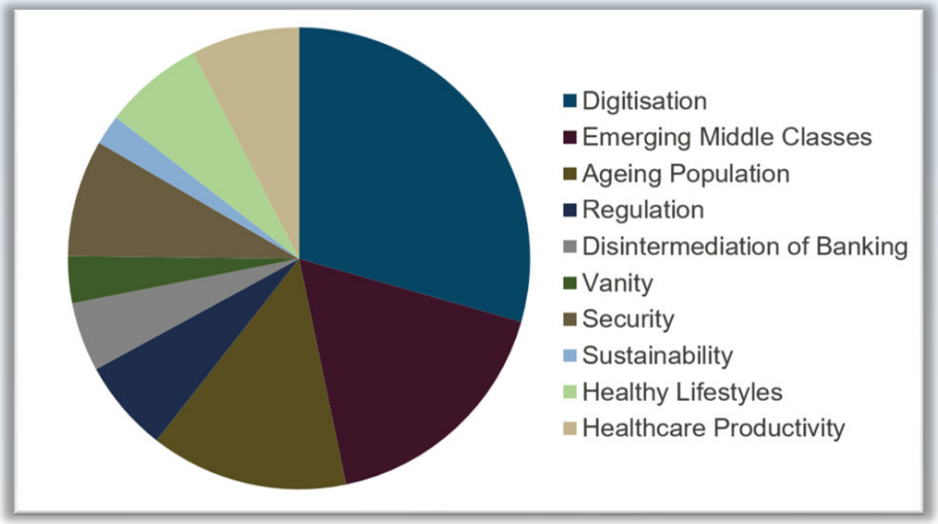
In terms of corporate governance, we expect the companies in which we invest to uphold the highest standards, and where we feel these standards are not being upheld we may engage with the company and/or vote against management proposals in an AGM or EGM. The corporate governance topics on which we may engage include executive remuneration, board structure, diversity and competency, audit, shareholder rights, capital allocation, and reporting and transparency, political donations, cyber security, among others.

Technological and other risks

To further identify and manage risk at the portfolio level, we seek to invest in high quality companies with industry secular growth tailwinds and limited sensitivity to economic cycles. This means that we look for companies that are operating in industries that are set to benefit from societal trends, demographics or other factors.

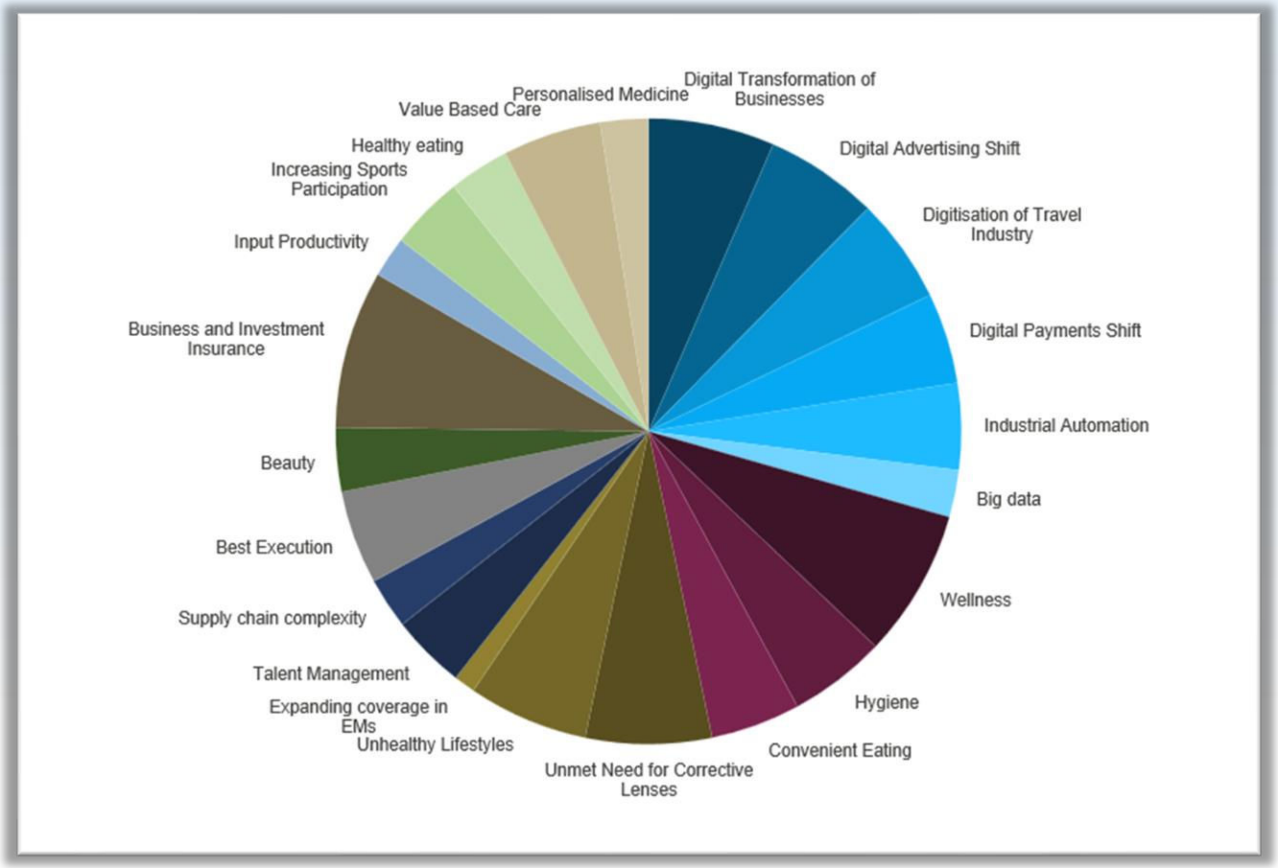
To illustrate this point, within our Global Equity Strategy, we have identified the following primary secular growth trends that we view as key to a company's long term sustainable growth prospects:

Primary secular growth trends



These trends can be broken down into a number of secondary sub-trends:

Secondary sub-trends



We believe that by investing in companies that are exposed to industry secular growth tailwinds (one of our ten criteria for quality and growth), we will be able to meet our objective of investing in companies capable of growing over the long term, and of outperforming during times of market stress and economic downturns.

DORA Days

In addition to considering secular growth trends, we have a healthy paranoia about the risk of the impact of disruption, and to protect our clients' capital, we recognise the need to understand all threats in the context of our investee companies and the financial system more widely.

In-depth analysis of a company itself is therefore not sufficient to assess comprehensively long-term threats and opportunities. In order to identify competitive threats and potential risks (systemic or otherwise) to the companies within our portfolios, as well as potential investment opportunities, six times a year, our investment teams conduct a "DORA Day". DORA is an acronym for "Day Out Researching Anything".

In the weeks leading up to a DORA Day, two members of our investment teams write individual papers on a topic of their choice. During the DORA Day, the teams discuss the papers and conduct a team-building activity. We believe that our library of more than 90 DORA Day papers enables our teams 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 90 papers written over the past five years, almost 50% of them cover an element of ESG (i.e. 19 papers on the environment, 34 on social issues and 2 on governance, with some overlap) (as at 31 December 2021).

A summary of some of the topics we have covered during our DORA Days and papers is as follows:

DORA Days – A Vision of the Future

THE DIGITAL SILK ROAD | COMMERCIALIZATION OF SPACE | GREEN HYDROGEN | FROM SMALL MOLECULES TO BIOLOGICS | QUANTUM COMPUTING
LEAPFROGGING | GENDER DIVERSITY AND EQUALITY | GRAPHENE | INDIAN E-COMMERCE AND FINTECH | DRONES | HUMANIZATION OF PETS
FMCG TRENDS IN EM | CHINA INTERNET | PERSONALIZED NUTRITION | 5G | NANOTECHNOLOGY | MIND CONTROL | PRECISION AGRICULTURE
THE CHANGING RELEVANCE OF BRANDS IN THE MODERN ERA | AFRICAN CONSUMER | ENERGY STORAGE | ELEARNING | EMERGING MIDDLE CLASS
SECULAR TRENDS IN AGRICULTURE | ROBO ASSET MANAGEMENT | ONLINE TO OFFLINE | QUANTUM COMPUTING | THE FUTURE OF RETAILING
LEDS AND THE CHANGING FACE OF LIGHTING | MATERIALS SCIENCE | RENEWABLE ENERGY | INDUSTRIAL INTERNET AND SMART FACTORIES
WOMEN IN THE ECONOMY | AGING IN EMERGING MARKETS | PEAK STUFF | WATER SCARCITY | HISPANIC AMERICA | BABY BUST
THE CHANGING FACE OF EDUCATION | REAL TIME HEALTH DATA | HEALTHY WEALTHY OLD PEOPLE | CIGARETTES AND REDUCED HARM ALTERNATIVES
MEDICAL TOURISM | WHITHER SUPPLY CHAINS | SMART CITIES | INTERNET OF THINGS | THE SHARING ECONOMY | INNOVATION IN CHINA
METAVERSE DEMYSTIFICATION | BLOCKCHAIN TECHNOLOGY | BIOMETRICS | GEOENGINEERING | HUMAN MICROBIOME | PEAK GLOBALIZATION
MEAT EATER, PLANET BEATER | MEDICAL TOURISM | CYBERSECURITY | EGAMING | TRANSFORMATION OF TRANSPORT | CLOUD COMPUTING
ARTIFICIAL INTELLIGENCE II DAWNING OF SINGULARITY | ADDITIVE MANUFACTURING/3D PRINTING | OBESITY | VR/AR | PERSONALIZED MEDICINE
INSIDE THE AMAZON ECONOMY | THE FUTURE OF FLIGHT | BANKING DISINTERMEDIATION | POPULATION HEALTH MANAGEMENT | HEALTHY EATING
AUTOMOTIVE TRENDS | RESPONSIBLE CONSUMPTION | DIGITIZATION OF HUMANS | DIGITAL PAYMENTS | THE DATA ECONOMY | THE COST OF WASTE
CHINESE CONTRIBUTION TO GLOBAL TOURISM | AI | FACIAL RECOGNITION | VOICE CONTROL AND THE DEVELOPMENT OF AMBIENT TECHNOLOGY
CONSUMERIZATION OF HEALTHCARE | CLIMATE CHANGE | COVID-19: THE LONG TERM IMPLICATIONS | ENGAGEMENT MARKETING | SOLAR POWER
DIGITAL ADVERTISING | DIGITAL FINANCIAL SERVICES | QUANTUM COMPUTING PART II | COVID-19: THE LONG-TERM IMPLICATIONS
EDGE COMPUTING | DIGITAL FOOTPRINT AND DATA PRIVACY | NUCLEAR FUSION | RISING GEOPOLITICAL TENSIONS & THE CHANGING WORLD ORDER
RESILIENT SUPPLY CHAINS | CRYPTOCURRENCY – THE FUTURE OF PAYMENTS? | POST COVID-19 WORLD | IS CHINA WINNING THE GREAT TECH RACE?

In addition to the aforementioned risks, we look at the following risks to the companies in our portfolios:

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 a business.

We aim to alleviate this source of risk through investing in high quality, large, stable businesses, with proven high quality management teams, a prudent approach to financial leverage and an orientation to strong ESG practices. Furthermore, well-managed companies with diversified businesses and conservative balance sheets can be better placed to withstand systemic risks arising from the failure of financial institutions, such as those that occurred during the global financial crisis of 2007-08.

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 company. 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 (EPS) 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. Our valuation approach, which is based on a combination of the Discounted Cash Flow (DCF) model and Terminal Price to Earnings (P/E) model, is designed to prevent overpaying – i.e. investing in overvalued stocks.

Reputational Risk

We recognise the importance of a company's reputation to its continued success, and believe that a thorough assessment of a company's culture is integral in pre-empting and managing this kind of risk.

A number of our investment criteria, including a company's track record of quality growth, sustainable competitive advantage, proven management team and "Foundations for Sustainable Growth" characteristics, help reduce the likelihood that any of our businesses will be subject to major reputational fallouts.

In addition to our investment criteria, we stay up-to-date on company-specific news, and receive ESG risk scores and controversies updates and alerts from data providers on an ongoing basis.

How we have worked with other stakeholders to promote the continued improvement of the functioning of financial markets

GuardCap is a signatory of the United Nations-supported Principles for Responsible Investment (PRI), the UK Stewardship Code and has issued its support for the TCFD. These organisations provide feedback and comments on various industry developments, such as industry disclosure standards, and we aim to participate and provide feedback on any areas of relevance. For example, in 2021, we met with our PRI representative to provide feedback and discuss a number of topics including the reporting system and the strategic direction of the initiative.

We are also a member of the UK Investment Association, through which we are a member of its Climate Change, SFDR and TCFD Working Groups. Through these Working Groups we participate in discussions around the development and implementation of the aforementioned topics.

GuardCap's parent, GCLP, has recently become a signatory to the International Corporate Governance Network (ICGN).

We take our commitment to these organisations seriously and continue to improve our stewardship approach based on their recommendations for best practice. For example, we base our annual objectives for stewardship in light of our scores from the PRI and are actively working towards implementing the structure required for TCFD reporting.

In 2021, we participated in a number of working groups, courses and conferences organised by various industry bodies. These included:

- Investment Consultants Sustainability Working Group (ICSWG), November 2021
- ICGN Governance, Stewardship and Sustainability Course, September 2021
- CFA UK's Sustainable Investing: Progress in Practice Conference, September 2021
- Responsible Investor Europe Conference, June 2021
- BTG Pactual Latin American CEO Conference, October 2021
- Nasdaq Investor Conference, November-December 2021

Furthermore, GuardCap participates in a large number of seminars, webinars and other events organised by our distribution partners for the benefit of client advisors. These distributors include leading wealth management and bank networks around the UK, Canada, Europe and Australia. During these sessions, the functioning and shortcomings of financial markets are often discussed, as is the importance of good corporate stewardship. We frequently explain our approach to stewardship and highlight the fact that we endeavour to vote on all resolutions related to our companies, giving examples of where we have on occasion voted against resolutions proposed by management.

Our efficacy in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets

As described above, we conduct proprietary analysis and use third party tools to identify potential market-wide and systemic risks. The information in this analysis is helpful to our assessment of the ongoing risks to our investment portfolios but we recognise that we cannot cover all eventualities. Given that we manage portfolios of long-only equities, and we expect to be fully invested at all times, our portfolios will have ongoing exposure to these risks no matter how effective we are at identifying them.

Responding to these risks is part of the ongoing monitoring process for the companies that we have under coverage. For example, there was a market-wide impact from the broad-based increase in interest rates through 2021. In response, we considered the implications for companies with exposure to floating rate debt and the implications of higher discount rates for the valuation of equity securities. It is difficult to be conclusive about the effectiveness of our response to these risks, especially over a short time horizon. We believe that the best assessment of our effectiveness will come from an analysis of our performance against our objectives over long-time periods. For further details, please refer to Principle 1: Assessment of our efficacy in serving the best interests of our clients.

With respect to promoting well-functioning financial markets, we note that GuardCap invests in a relatively small number of publicly-listed companies (an average of 25 companies throughout 2021). We do not use financial leverage in our funds. We only invest our clients' capital in equity securities and cash and not in other financial instruments such as debt securities, commodities or derivatives. Our ability to influence the broader functioning of financial markets is somewhat limited by the scope of our activities. Nonetheless, within the scope of our activities, we promote well-functioning financial markets by ensuring compliance with all relevant regulations.

Furthermore, through the aforementioned industry initiatives, we adhere to the relevant industry standards and guidelines with the objective of promoting sustainable investment practices, and continue to work with these organisations to help influence policy makers and achieve the longer-term ESG and sustainability goals required of our industry.

Principle 5

Policies, processes and stewardship

GuardCap reviews and updates policies relating to compliance and investment on at least an annual basis, which includes monitoring and assessing the adequacy of each policy to enable effective stewardship in addition to meeting regulatory obligations. For example, during 2021, GuardCap updated its policies including its Conflicts of Interest Policy, Compliance Manual, ESG Engagement Policy and Modern Slavery Statement. Policy development is overseen by the Compliance and Operations teams, with assistance from GuardCap's Manager, Responsible Investing and the 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 GuardCap's website along with proxy voting information, which is disclosed on the website of our parent company, GCG.

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 our stewardship policies and processes.

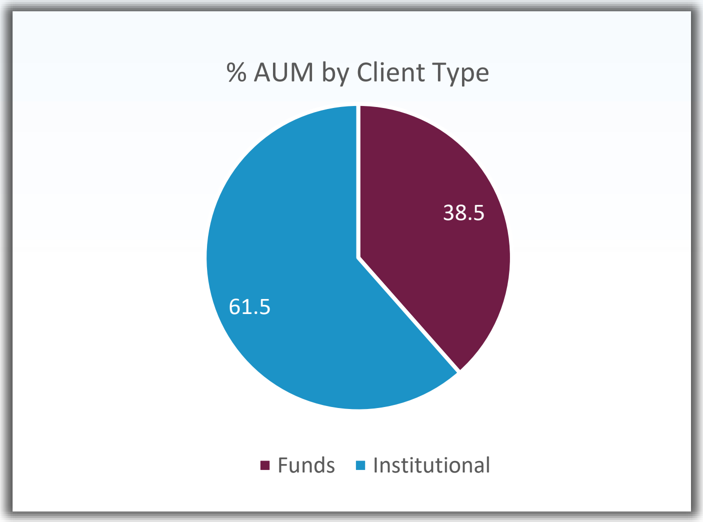
Principle 6

Client Overview

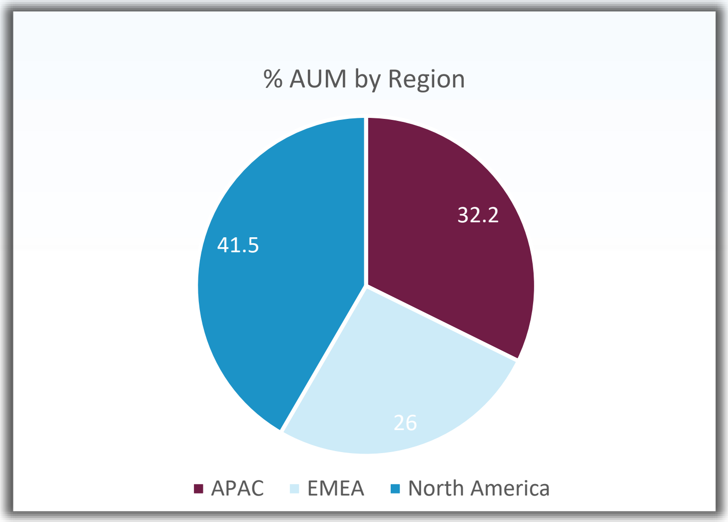
GuardCap is focused on managing money through separate accounts and pooled funds for endowments, foundations, insurance companies, pension funds, religious and other institutions, as well as for asset managers, family offices, private banks, retail banks, wealth managers and other financial intermediaries. Our clients are based across North America, Europe, the Middle East and Asia Pacific. As at 31 December 2021, GuardCap had assets under management of USD 14.4 billion across two strategies: GuardCap Global Equity and GuardCap Emerging Markets Equity.

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

Funds and Institutional[9]

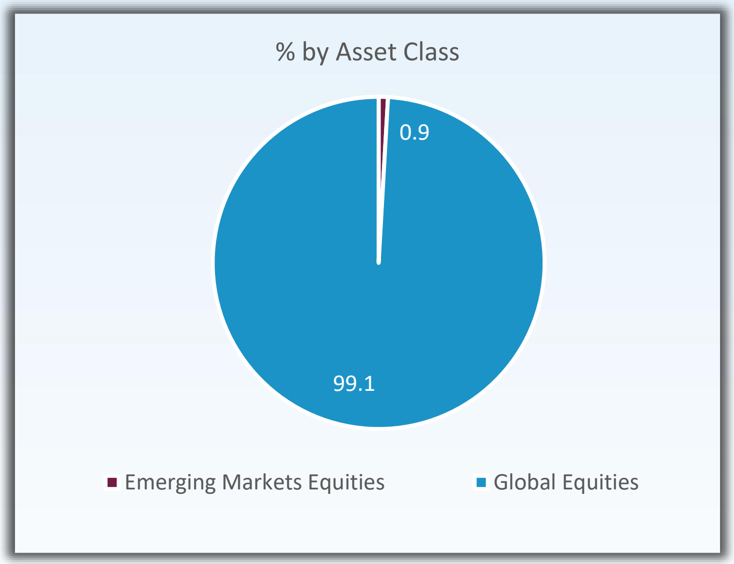


Geography[10]



[9] Funds includes GuardCap's pooled funds and WRAP accounts; Institutional includes all separate accounts. As at 31 December 2021.
[10] Based on location of clients. As at 31 December 2021.

Asset Class



As at 31 December 2021

Investment Time Horizon

Our long-term investment horizon is reflected in the low turnover and long average holding periods for the stocks within our strategies.

From the outset, we communicate our investment approach and objectives to clients, and seek to attract clients who share our investment philosophy and have a long term investment approach. Furthermore, we endeavour to maintain an ongoing dialogue with our clients regarding the performance of our strategies and the companies held within our portfolios.

How we have sought and received clients' views evaluation of our approach

With ever-increasing scrutiny and disclosure requirements being placed on asset managers, we recognise that it is more important than ever to be transparent with our clients and build on our relationships with them. In line with this, we meet our clients regularly, both to update them on our investment decisions, and to discuss any questions or concerns they might have. During 2021, we conducted more than 500 meetings with our clients and prospects. During 2020 and 2021, these meetings usually took the form of emails, telephone and video calls. Since it has become possible to travel and to meet in person, we have held more formal update meetings, often in-person or, where necessary (or where restrictions still apply) via video call, on a quarterly or annual basis, depending on the client’s requirements.

We continue to evaluate the effectiveness of our chosen methods to understand the needs of our clients. Despite unfavourable conditions for our strategies during 2021, we take comfort in knowing that our clients understand our approach, and as such, saw significant net positive flows during 2021.

How they have taken account of the views of clients and what actions they have taken as a result

During 2021, we asked a number of our clients about their ESG preferences in terms of our UCITS fund classifications under the SFDR. As a result of these discussions, the preference for Article 8 funds became clear, and we originally decided to reclassify both of our UCITS funds from Article 6 to Article 8.

Furthermore, as ESG has gained prominence, we have held an increasing number of ESG-focused meetings, and as a result of client requests for more information on ESG, we have enhanced our standard client reporting package to include information on ESG ratings, proxy voting, engagements and portfolio carbon footprint analysis. In addition, we regularly fulfil client specific requests for more detailed information on our stewardship activities and accommodate these wherever possible.

We have received positive feedback from a number of clients on our ESG reporting and learned that one of our clients has been sharing our quarterly engagements report with other managers as an example of best practice.

Through meeting with our clients on an ongoing basis, and not hiding during times of difficult performance, we are able to understand their evolving concerns and priorities, and uphold our stewardship responsibilities.

Principle 7

The systematic integration of stewardship and investment

We recognise that there are a number of definitions of stewardship, and acknowledge the differing views of investors around the world, and the need for different country-specific stewardship codes. As a UK-based investor with a global client base, we have opted to become a signatory of the UK Stewardship Code, and of the ICGN (through the membership of our parent company, GCLP). We set out to uphold the principles of each code, and recognise the differing governance models and jurisdictional influences in terms of legal structure, ownership patterns, state of economic development, capital markets, and historical, social and cultural norms, as well as a company's size and stage of development. At the same time, we recognise that there are generally four overarching principles: Fairness, Responsibility, Accountability, and Transparency.

ESG Integration

We define responsible investing as the integration of 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 falling behind in its ESG-related practices.

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

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 our portfolios.

Our investment approach steers us away from the most environmentally damaging and controversial sectors such as energy, mining and commodity chemicals, because the 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. For our UCITS funds, we have exclusions on companies manufacturing controversial weapons, firearms or small arms ammunition, companies that extract fossil fuels or generate power from them, and tobacco products (specific revenue threshold applied is 5% based on a company's annual report.)

To support our proprietary analysis, we use data from external ESG data providers, such as Bloomberg, Clarity AI, ISS, RobecoSAM, Sustainalytics and S&P Capital IQ Pro (Trucost), to see whether they highlight any areas of controversy in a company's ESG practices. If they do, we conduct further analysis on these issues to assess the implications. In some cases, our assessment and conclusions might differ from those of the external providers, and on occasion, we have contacted these providers to ask questions on their methodology and approach. At the same time, we aim to go well beyond simplistic "box-ticking" and recognise the importance of using a number of sources to draw more reliable and complete conclusions.

As such, we take an absolute approach to assessing companies' capacity for long-term sustainable growth and companies with high ESG risk profiles typically drop out of our investment processes in the early stages.

We assess the alignment (or conflict) of the companies in our portfolios with the United Nations Sustainable Development Goals (SDGs). We believe that companies with products and/or services that conflict with the SDGs or trends towards social and environmental responsibility will not meet at least two of our key criteria – 1) secular growth – as they will likely face headwinds trying to grow against the prevailing developments, 2) and "Foundations for Sustainable Growth". Several of our DORA Day papers cover topics that discuss factors related to the SDGs and responsible investment – for example, in 2020, our investment teams wrote papers on Responsible Consumption and Production (SDG 12), Solar Power and Climate Change.

Furthermore, we expect that as companies publish more detailed and consistent data, the assessment of more of these aspects will become more relevant and insightful. Our assessments and conclusions on ESG factors are documented throughout the research process, and full examples are available to clients upon request.

Differences in the integration of stewardship and investment across funds

There are no material differences in the integration of stewardship and investment for the different funds managed by GuardCap.

Stewardship informing acquisition, monitoring and exit decisions

Decisions to increase or reduce a position, establish a new position, or sell a position are the result of considering three key questions:

- Does the trade increase the sustainability of the earnings growth of the portfolio?
- Does the trade increase the quality of the portfolio?
- Does the trade increase the expected total return of the portfolio?

ESG factors play a role in both the growth and quality aspects, but are typically not the sole driver for a trade decision.

One of our DORA Day papers, Personalised Medicine, led us to investigate Illumina as a potential candidate for our High Confidence Pool. Illumina's stated corporate objective is to "unlock the power of the human genome in order to improve human health." This includes the potential to make major steps forward in improving reproductive health and revolutionising cancer screening. These material health benefits are a significant part of the reason we decided to invest in Illumina, and continued to invest in the company in 2021.

An example of an investment that was not made based on ESG-related factors was Verisk Analytics, a provider of data analytics to the insurance and energy industries. We initially voted against including the company into the High Confidence Pool due to several factors, including corporate governance and the remuneration structure, but several unique quality and growth characteristics warranted its inclusion on the 'Watchlist'. The company was only included in the High Confidence Pool, and later the portfolio, after several in-depth one-on-one meetings with the CFO and Investor Relations, which enabled us to focus on our primary concerns.

Many companies are rejected before they even enter our new idea generation process, because of our stringent growth and quality criteria. ESG factors are explicitly considered within one of the 10 investment criteria – "Foundations for Sustainable Growth", and are closely linked with a number of others. Companies with high ESG risk profiles typically drop out of our process in the early stages (either at the screening stage or the Primary Test).

Principle 8

Monitoring Service Providers

GuardCap conducts reviews with our service providers annually or at the contract renewal date, depending on the nature of the relationship. This helps ensure consistency across our relationships and that we continue to receive a high quality of service from all of our service providers.

For our investment activities, we use data from external data providers including Bloomberg, Clarity AI, FactSet, ISS, RobecoSAM, Sustainalytics and S&P Capital IQ Pro (Trucost). In some cases, we would expect that our assessment and conclusions might differ from those of our service providers, however, our investment teams are able to check the accuracy of data by cross-referencing it against other available sources.

All proxies notified to GuardCap will be referred to the investment managers who are authorised to vote. Voting decisions are determined by the investment teams. GuardCap uses a proxy voting service for information purposes however all voting decisions are actively considered on a case-by-case basis by the investment teams.

Any issues identified in the services provided to GuardCap would be raised with our Operations and Compliance teams, and ultimately our COO. To date, we have not experienced any material issues with service providers but if any issues became apparent, we would address these with the service provider immediately. If improvements in the services were unable to be achieved then we would consider terminating the relationship.

Principle 9

Engaging with issuers to maintain or enhance the value of assets

Overview

Active ownership is deeply embedded in our investment philosophy and we endeavour to vote on every resolution and corporate action proposed by our companies. If a company is engaged in a practice that concerns us, we will engage with the company on this issue, seek to learn more about it, and encourage positive change. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as a shareholder to encourage companies to improve their practices.

We apply the same approach to all of our funds, assets and geographies, but take into consideration the wider industry and geographical context. For example, one of our Japanese holdings has a very low number of women on the board and in senior management positions, and whilst we are continuing to press for positive change, we recognise that the underrepresentation of women in Japanese companies is cultural. We therefore need to take a considered approach to our engagements, as we recognise that ‘one size does not fit all’.

Identifying Candidates for Engagement

In terms of identifying candidates for engagement, our investment teams typically identify ESG issues through their own proprietary research and “Foundations for Sustainable Growth” scoring and analysis. In terms of prioritising our efforts for engagement, we will assess among other factors, the materiality of the issue and the likelihood of success of our engagement efforts.

Methods of Engagement

Our engagements typically take the form of ongoing dialogue with company management through regular one-on-one meetings at a company’s headquarters or GuardCap offices, or increasingly, through video calls. Occasionally, in the first instance, we may also choose to email a company’s Investor Relations team.

Escalation

Should we identify an issue or area of concern, we would at first speak with the company as part of an initial “fact-finding” type meeting. During this meeting, we would seek to find out more about the company’s plans to rectify the issue(s), and if we remain unsatisfied with their response over one or a number of meetings, we may choose to escalate the engagement through voting against the company at AGMs or EGMs and/or applying our Engagement Framework.

A summary of our Engagement Framework is as follows:

1. **Devise a plan:** includes an assessment of the key issue(s), the severity or materiality of the issue(s) and the potential risks involved (regulatory, reputational etc.), the likelihood of success, the size of our portfolio holding, recognised best practice, target outcome and key person(s) of influence.

2. **Engage:** includes a more focused meeting with the company during which we would raise our concerns and suggest possible routes to best practice.

3. **Track progress:** assess progress of engagement and actions taken by management.

4. **Ascertain the need for further engagement:** decide if there is a need to escalate the issue further and assess if we need to change our approach or involve other parties.

5. **Assess the potential impact of the outcome on investment decisions:** in instances where our engagements do not progress in the direction that we believe is in the best interests of our clients, we would consider partial or full divestment.

Engagement Outcomes

Two examples of our engagement activities and outcomes during 2021 include:

Example 1

COMPANY	**Booking Holdings Inc.**
SECTOR	Consumer Discretionary
COUNTRY	United States
COMPANY OVERVIEW	Booking Holdings is the world's leader in online travel and related services. Its main brands include booking.com, Priceline, agoda, rentalcars.com, KAYAK and OpenTable.
STRATEGY	Global Equity
TYPE OF ENGAGEMENT	Drive change
OBJECTIVE	To emphasise the importance of the company taking a proactive approach to travel sustainability to sustain its competitive advantage and secular growth prospects.
ENGAGEMENT SUMMARY	In November 2021, we met with a Vice President, Corporate Counsel and a Vice President, Investor Relations and Financial Planning and Analysis. We discussed a number of topics including the formalisation of Booking's Corporate Sustainability Department and the company's efforts to promote a more sustainable travel industry. We asked about a recent shareholder proposal that we had voted in favour of. The proposal was for Booking to set more concrete climate targets and to publish an annual climate transition plan, it's first by February 2022. We asked about the ways in which management plans to transition the business and their objectives in terms of 'sustainable tourism', including their plans to increase the number of sustainable travel and accommodation options, and about their efforts to work with competitors to create industry transition standards. We stressed our belief that a proactive approach to travel sustainability would be highly important to sustaining the company's competitive advantage in the industry. During the meeting, we believed this point to be understood.
OUTCOME	With the shareholder proposal passing at the AGM, Booking has subsequently signed up to the SBTi and published its first climate transition plan, with the objective of becoming near zero for its operations by 2030 (95% reduction for Scope 1 and 2, and 50% reduction for Scope 3) and net zero by 2040. We will continue to monitor the company's progress towards its targets.

Example 2

COMPANY	**Yum China Inc.**
SECTOR	Consumer Discretionary
COUNTRY	China
COMPANY OVERVIEW	Yum China is one of the largest restaurant companies in China and owns a number of China-based outlets including KFC, Pizza Hut, East Dawning, Little Sheep, COFFii & Joy, Taco Bell and Huang Ji Huang.
STRATEGY	Global Equity and Emerging Markets Equity
TYPE OF ENGAGEMENT	"Fact-Finding" and Follow-up
OBJECTIVE	Understand more about the company's environmental and social commitments.
ENGAGEMENT SUMMARY	In 2021, we met with Yum China on three separate occasions, including one dedicated ESG meeting. Prior to this meeting, we sent a list of questions to the company, primarily on a number of environmental and social topics. The meeting was of a "fact-finding" nature, and focused on those areas that we identify as higher risk from an ESG perspective. We asked questions about the company's supply chain, links with deforestation and the phasing out of plastic packaging, as well as the issues of health and the associated regulatory risk. We noted the company's progress towards setting net zero targets in relation to the SBTi, and that it is in the process of engaging external consultants to understand its Scope 3 emissions, whilst already reporting on its Scope 1 and 2 emissions. We learned that the company had eliminated plastic cutlery and straws in all major city restaurant locations, was phasing out plastic shopping bags, with plans to expand this from 36 cities to more than 300 cities in 2022, and was reducing single-use packaging as much as possible according to the four 'Rs': Reduce, Reuse, Recycle, Replace. When considering the ways in which the government may attempt to tackle obesity and other public health issues resulting from a poor diet, we noted that the company has various initiatives in place to align with China's 2030 Health Plan. Yum China also affirmed that it will continue to work with the regulators and restaurant associations to share ideas and assess emerging trends.
OUTCOME	The meetings increased our understanding of and confidence in the company's approach to the issues discussed. We also noted that further progress was desirable, especially in relation to certain environmental and social matters. We committed to continue to engage with Yum China's management team on the factors that influence the long-term sustainability of the company's growth.

GuardCap's ESG Engagement Policy is available here.

Summary

The low turnover and long holding periods of the stocks within our portfolios have enabled us to build constructive and mutually beneficial long-term relationships with our investee companies. The growth in assets for our Global Equity strategy has positioned us as sizeable owners in a number of our investee companies, which means we have increasingly good access to company management. Because management teams expect us to hold their company’s shares for a long time, they are generally willing to engage with us. Subsequently, as we continue to build these relationships over several years, companies are more prepared to listen to our views and execute a shared vision that benefits both the investee companies and our clients.

Principle 10

Our approach to collaborative engagement

Our investment teams 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 company boards as we prefer to act independently on the issues that we have identified. However, on occasion, we may be willing to participate in collective engagements where we believe it is in the best interests of our clients.

The 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.

During 2021, we did not participate in any collaborative engagements. This is largely due to the concentrated and long term nature of our investment strategies, and the fact that we would not invest in a company that does not meet our criteria for quality and growth from the outset. Companies with poor ESG practices typically fall out during the initial stages of our investment processes.

However, throughout 2021, we continued to engage with a number of industry bodies, such as the PRI and the UK Investment Association. For more details, please refer to Principle 4.

Furthermore, GuardCap's parent company, GCLP, is a member of Climate Action 100+, and collaborates on policy and regulatory matters through its participation in industry groups including the Responsible Investment Association of Canada (RIA), the Portfolio Management Association of Canada (PMAC), and the CFA Institute.

An example of a previous collaborative engagement in which we participated is as follows:

COMPANY	**EssilorLuxottica**
SECTOR	Consumer Discretionary
COUNTRY	France
COMPANY OVERVIEW	EssilorLuxottica, whose brands include Varilux, Transitions, Crizal, Ray Ban, LensCrafters, and Sunglass Hut, is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Industry secular growth tailwinds for the company include growth in emerging markets, ageing population and increasing unmet vision correction needs globally.
STRATEGY	Global Equity
OBJECTIVE	To help resolve the governance situation – the merging of Essilor and Luxottica in January 2017 prompted fears over a clash of cultures (French and Italian), the board structure (equally-weighted) and the clashing of Hubert Sagnieres (CEO Essilor) and Leonardo Del Vecchio (Chairman and Founder of Luxottica) over a number of issues.
ACTIVITY	We initially had calls with the Investor Relations teams at both Essilor and Luxottica and subsequently contacted another asset manager, a large investor in the company, to discuss the action we might take. This asset manager had already vetted two independent directors as potential new board members and we had a call with them to discuss the background of the candidates. We joined the asset manager and other investors in backing the resolutions to appoint two independent directors and contacted another large asset manager who was also a large shareholder, who subsequently joined the group. We attended the AGM in Paris to publicly ask questions and vote against the company's proposal.
OUTCOME	The proposed resolutions partly failed because, three days before the AGM, management reached a new agreement to resolve the governance situation.

Principle 11

How we escalate stewardship activities to influence issuers

If a company is engaged in a practice that concerns us, we will engage with the company on this issue, seek to learn more about it, and encourage positive change. If successful, we believe this enables us to create additional long-term value whilst taking responsibility as a shareholder to encourage companies to improve their practices.

We apply the same approach to all of our funds, assets and geographies, but take into consideration the wider industry and geographical context.

As mentioned earlier in this report, should we identify an issue or area of concern, we would at first speak with the company as part of an initial “fact-finding” type meeting. During this meeting, we would seek to find out more about the company’s plans to rectify the issue(s), and if we remain unsatisfied with their response over one or a number of meetings, we may choose to escalate the engagement and apply our Engagement Framework.

An example of a time we have escalated our engagement activities is as follows:

COMPANY	**Keyence**
SECTOR	Information Technology
COUNTRY	Japan
COMPANY OVERVIEW	Keyence develops, manufactures and sells a broad range of solutions for automation and inspection, including programmable logic controllers (PLC), machine vision systems, barcode readers, 3D printers, microscopes and safety curtains.
STRATEGY	Global Equity
OBJECTIVE	To help understand and work towards improvements in disclosures, board independence, remuneration structure, employee productivity and turnover, as well as the leadership pipeline.
ENGAGEMENT SUMMARY	Our Global Equity team has met with Keyence on a number of occasions since first investing in the company in 2018: 2018 – we visited the company's headquarters in Osaka, Japan, and asked questions on a number of different aspects of the business, including board Independence, the lack of independent nominating and remuneration committees, gender diversity, among others. 2019 – we met with the company to follow up on the aforementioned topics. 2020 – we decided that we would take the company through our Engagement Framework, a process designed to formalise and further escalate our concerns to the company. 2021 – we met with the company on two separate occasions and decided to take it through our proprietary deep-dive "Foundations for Sustainable Growth" review process, which involves a review of a company's 'Foundations for Sustainable Growth', with two team members arguing for the company and two team members arguing against. This resulted in a revised proprietary score for the company, and in a decision to further escalate our engagement efforts. At the same time, we trimmed our position, although this decision was primarily driven by valuation.
OUTCOME	In the middle of 2021, Keyence made some progress and appointed its first woman to its Board of Directors. At the same time, we are hopeful that the revised Japan Corporate Governance Code, which includes provisions around board Independence (companies listed on the prime market in Japan should appoint at least one-third of their directors as independent directors), the establishment of independent nominating and remuneration committees, as well as diversity (companies presenting their policies and voluntary and measurable goals for ensuring diversity in the promotion of women, foreign nationals and mid-career hires to middle managerial positions, while disclosing their status), will start to make a difference come the 2022 proxy voting season. Until such time, we intend to continue to engage with the company to encourage continued improvement.

Principle 12

How we exercise our rights and responsibilities

We endeavour to vote on every resolution related to our companies and have adopted written procedures designed to ensure that we vote in the best interests of our clients.

Our written procedures are standard and implemented in the same way for all GuardCap funds, regardless of asset class or geography. We endeavour to take on board any views or concerns of clients within our funds, and are cognisant that any individual views may present a conflict of interest or not be in the best interests of all shareholders. The final voting decisions are therefore solely the responsibility of our investment teams, and all votes are made in line with our Conflicts of Interest and Proxy Voting policies.

For funds and separate accounts where clients have delegated the responsibility for voting to GuardCap, we would ensure that all votes are cast in the same way.

For separate accounts, where clients have opted to vote for their own account, and have indicated this in writing, we do not vote for those accounts.

However, we seek to maintain an open dialogue with our clients, and for those who have requested, we share our voting intentions and rationale ahead of time. This has often resulted in clients voting in the same way.

Transparent Voting Process and Disclosure

All proxies notified to GuardCap will be referred to the investment managers who are authorised to vote. Voting decisions are determined by the investment teams. GuardCap uses a proxy voting service for information purposes however all voting decisions are actively considered on a case-by-case basis by the investment teams in accordance with the Voting Guidelines outlined within our Proxy Voting Policy. This is one of the benefits of managing concentrated portfolios and our collaborative process where all investment managers have a detailed understanding of the companies under consideration. Once a decision has been reached, the investment team will submit the vote instruction to our Proxy Voting team, based in Toronto, Canada.

Our proxy voting activities are fully documented and can be accessed here.

Voting Abstention

There may be limited circumstances where GuardCap will abstain from voting if we determine that this is in the best interests of shareholders.

Notifying Company Management

In an effort to increase transparency and accountability, we endeavour to notify companies when we plan to abstain or vote against management on material matters. This communication would typically include the rationale for our voting decision and enable clarification or the initiation of a constructive dialogue.

Shareholder Proposals

We recognise that shareholder proposals can be a useful mechanism to hold companies to We recognise that shareholder proposals can be a useful mechanism to hold companies to account, increasingly in terms of their social and environmental impact. We review each resolution on a case-by-case basis and support those resolutions that address key governance and sustainability concerns and are likely to have a positive impact on the long-term sustainable growth of the company.

At the same time, we are unlikely to vote for proposals that we believe are repetitive, prescriptive or an attempt to micromanage a company. Prior to voting, we consider the company's current approach, its response to the resolution, and whether the resolution is necessary and in the best interests of all stakeholders.

Stock Lending

GuardCap does not participate in stock lending.

GuardCap Proxy Voting Activity 2021:

GuardCap Global Equity Strategy

Due to the emphasis we place on investing in high quality businesses with strong management teams, we are generally supportive of management proposals However, on occasion, should we view a proposal as not being in the best interests of our clients, we would vote against. During 2021, we voted on 432 (100%) of proposals. The following section provides more details.

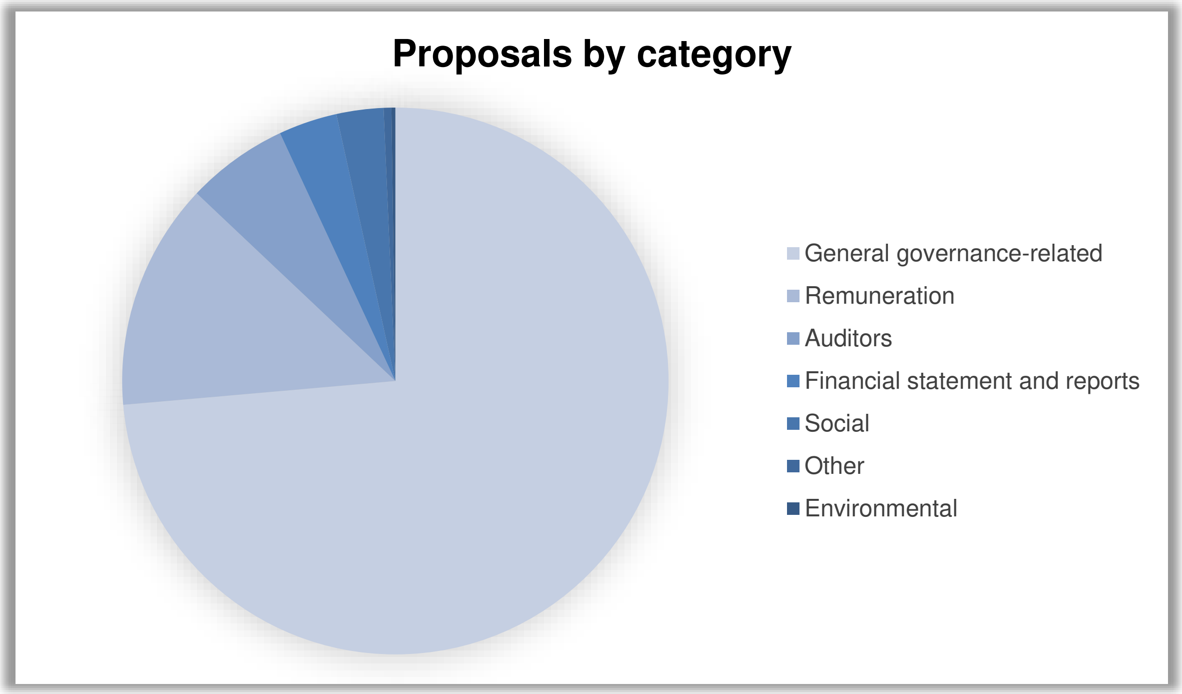
2021 Proxy Voting by the Numbers:
432 Total Proposals

Management Proposals:
406 Total Proposals

397 (97.8%) Voted For
9 (2.2%) Voted Against

Shareholder Proposals:
26 Total Proposals

3 (11.5%) Voted For
23 (88.5%) Voted Against



GuardCap Emerging Markets Equity Strategy

In 2021, we voted on 281 out of 307 (91.5%) of proposals, with the exception of one company, due to excessive voting costs.

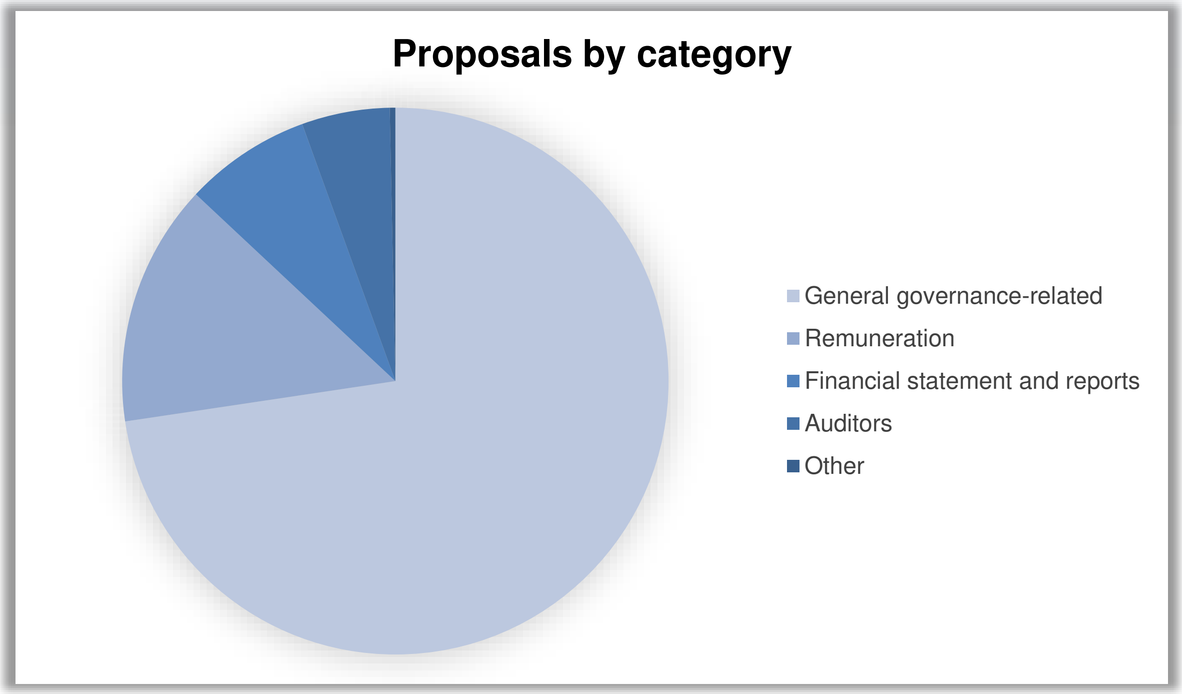
2021 Proxy Voting by the Numbers:
307 Total Proposals

Management Proposals:
305 Total Proposals

255 (83.6%) Voted For
26 (8.5%) Voted Against
24 (7.9%) Did Not Vote

Shareholder Proposals:
2 Total Proposals

2 (100%) Did Not Vote



Rationale for voting decisions – management proposals

Some examples of our rationale for voting against management proposals in 2021 are as follows:

Example 1

Company:

WuXi Biologics Co., Ltd (“WuXi Biologics”)

Proxy Background:

As a part of its executive compensation structure, management put forward a proposal for the adoption of a subsidiary share option scheme for two non-wholly owned subsidiaries of the company, WuXi Vaccines and WuXi XDC.

Our Vote and Rationale

We voted against the proposal. Amongst the various factors we consider when reviewing executive compensation, we believe it is important that there is sufficient disclosure on performance criteria and that all executive compensation structures are aligned with shareholder interests.

Prior to the extraordinary general meeting (EGM), we wrote to WuXi Biologics to inform them of our concerns and intention to vote against the proposal unless some changes were made (i.e. that we would need more clarity around the performance criteria, and for decisions on compensation structures to be made by an independent committee). In response, we received a letter from the company which gave some reassurance around the independence of the committee making the decisions on compensation, but it fell short of providing more clarity around the performance criteria.

Subsequent to this, we had a call with the company to try to understand more, during which we asked that they limit the initial share offering to 5%. Despite the company being open to discussing our concerns, they informed us that because the proposal had been reviewed by the Compliance team of the Hong Kong Stock Exchange, they were unable to make any revisions. We therefore reasserted our position and decision to vote against the proposal. Despite our efforts, the company moved forward with the scheme albeit with a commitment to limit the pace of the stock grants. The resolution passed with 71.5% of votes in favour. As part of our ongoing research with investee companies, we will continue to engage with WuXi Biologics, and in December 2021, had a call with their ESG team to discuss the company’s progress on a number of other ESG matters.

Example 2

Company:

Booking Holdings

Proxy Background:

The board sought shareholder approval to amend the Certificate of Incorporation to permit shareholders to act by written consent with the following procedural requirements, among others:

- Shareholders seeking to act by written consent must own at least 25% of shares outstanding to request that the board set a record date for the proposed action by shareholders entitled to act by written consent; and
- Consents must be solicited in writing signed by holders of outstanding shares having not less than the minimum number of votes necessary to vote on the matter.

Our Vote and Rationale

We voted against the proposal. Amongst the various factors we consider regarding changes to processes for shareholder consent and approval are whether the changes will place too much control in the hands of controlling shareholders.

We believed the proposal would place too much power in the hands of controlling shareholders, and were concerned that once written consent had been granted, it would be highly unlikely to be revoked especially if shareholdings were to become more concentrated.

Example 3

Company:

Alphabet Inc.

Proxy Background:

As a part of its equity incentive plan, management put forward a proposal for an Omnibus Stock Plan.

Our Vote and Rationale

We voted against the proposal. Amongst the various factors we consider when reviewing equity incentive plans, we believe it is important that the costs of plans are reasonable, that the vesting structure makes sense, disclosure is complete, and all factors align with shareholder interests.

We viewed the Plan as already highly generous with the “available shares remaining” worth approximately USD 100 billion. Subsequently, the proposal did not pass at the company’s AGM.

Rationale for voting decisions – shareholder proposals

Some examples of our rationale for voting against shareholder proposals in 2021 are as follows:

Company:

Microsoft Corporation

Proxy Background:

Shareholders of Microsoft put forward a number of different proposals regarding the company's disclosures, policies, the sale of its products, hiring practices and lobbying activities.

Our Vote and Rationale:

We voted against all shareholder proposals.

Shareholder Proposal 5. Report on Gender/ Racial Pay Gap.

Microsoft already provides detailed disclosures on its commitment to pay equity, including median pay gap disclosures requested in this proposal, which can be found in its annual Global Diversity and Inclusion Report. The report includes representation data for race and gender across Microsoft with breakdowns across different roles and levels of seniority. As at September 2020, Microsoft's racial and ethnic minority employees in the US combined earned USD 1.006 for every USD 1.000 earned by their white counterparts, and women in the US, Australia, Canada, China, France, Germany, India, Ireland, Israel, Japan, and the UK combined earn USD 1.000 for every USD 1.000 by men. Other ways the board holds the leadership accountable include representation data and results of the Inclusion Index generated from anonymous employee feedback.

Shareholder Proposal 6. Report on effectiveness of workplace sexual harassment policies

Microsoft has adopted plans to begin annual public reporting in this fiscal year on the company's implementation of its sexual harassment and gender discrimination policies. This reporting aims to address the key topics in the shareholder proposal. In addition, the company already has compliance programs in place to ensure employees understand its policies and mechanisms, such as its dedicated Workplace Investigations team, where employees can raise concern for investigation. In February 2020, Microsoft began internally sharing with employees annual data on the volume of concerns raised, the results of harassment investigations, and the types of discipline imposed.

Shareholder Proposal 7. Prohibiting Facial Recognition Technology Sales.

Microsoft has already made extensive public commitments to restrict the sale of facial recognition technology based on human rights, including a set of Facial Recognition Principles (since 2018). We agree with Microsoft that there is no "one-size-fits-all" approach to facial recognition technology; a complete ban would deny government entities to use the technology in areas such as secure access and cybersecurity.

Shareholder Proposal 8. Report on implementation of the Fair chance business pledge

It appears that Microsoft already has initiatives to implement the Obama White House's Fair Chance Business Pledge and is disclosing sufficient information. The company has multiple safeguards to prevent disqualification because of a criminal record where not directly relevant to the position. Microsoft does not have any automatic, across the board exclusions for criminal convictions that would disqualify employment. It does not ask any questions about criminal convictions prior to a conditional offer of employment. In 2020, more than 98% of the people identified during pre-on boarding as having a criminal record were hired. In 2021, Microsoft joined the Business Roundtable's Second Chance Coalition.

Shareholder Proposal 9. Report on lobbying activities alignment with company policies

Microsoft existing policies and disclosures provide visibility and accountability in its public policy engagement as well as that of its affiliated political action committee (PAC). Microsoft has adopted Principles for Engagement in the Public Policy Process – principles address issues specific to the US political and fundraising system. Oversight from the Regulatory and Public Policy Committee of Microsoft's Board of Directors. The company has committed to further enhancing the information and issue a new annual report detailing the governance, criteria, and disbursements of its PAC and its public policy agenda.

All votes held were in line with our which can be accessed here.

Conflicts of Interest

GuardCap recognises that stewardship activities and company engagement can on occasion lead to potential conflicts of interest. In compliance with FCA rules, we take a risk-based approach to identifying areas of potential conflicts of interest, to managing and mitigating conflicts of interest, and to considering all conflicts when designing and implementing policies and procedures.

To ensure that all potential conflicts of interest are identified and managed appropriately, GuardCap has a Conflicts of Interest Policy. The 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.

If a material conflict were to be identified, this would be escalated to GuardCap's COO, and discussed with the relevant employee(s). This discussion would determine how the potential conflict of interest should be handled in the best interest of the affected client(s).

For more details, please click here.

Conclusion

We hope that this report has provided a detailed and comprehensive overview of GuardCap's stewardship activities. We recognise that good stewardship is foundational to our business, and to our core objective of achieving superior returns for our clients, in excess of standard benchmarks with less risk than the benchmarks, over the long term. At the same time, we take seriously our responsibility of helping to create a more sustainable financial system, economy and society over the immediate and long term, and will continue invest our resources in these areas.

Appendix 1: Principles of the Code

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.
PRINCIPLE 2	Signatories' governance, resources and incentives support stewardship.
PRINCIPLE 3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
PRINCIPLE 4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
PRINCIPLE 5	Signatories review their policies, assure their processes and assess the effectiveness of their activities.
PRINCIPLE 6	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
PRINCIPLE 7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
PRINCIPLE 8	Signatories monitor and hold to account managers and/or service providers.
PRINCIPLE 9	Signatories engage with issuers to maintain or enhance the value of assets.
PRINCIPLE 10	Signatories, where necessary, participate in collaborative engagement to influence issuers.
PRINCIPLE 11	Signatories, where necessary, escalate stewardship activities to influence issuers.
PRINCIPLE 12	Signatories actively exercise their rights and responsibilities.