

The UK Stewardship Code

Statement of Compliance

Longview Partners is a specialist asset management company, focussed entirely on the management of Global portfolios. As fiduciaries of our clients' assets, Longview Partners strives to invest in companies that adopt and pursue responsible business practices and are fully accountable to their shareholders.

The UK Stewardship Code, ('the Code'), sets out a number of principles relating to good practice in engagement by investors with UK companies. At Longview Partners, corporate governance is important in our assessment of the 'Quality' ranking of any potential equity investment that we make on behalf of our clients. We set out below how Longview Partners applies the principles of the Code.

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

The discharge of our stewardship responsibilities is inherent in our rigorous research process. We have in-depth discussions with each company prior to investment and maintain an ongoing dialogue once invested to evaluate the effectiveness of company's management on corporate governance issues. A large part of our research effort is focussed on understanding how the company's management has created value for shareholders in the past and how management will continue to do so in the future. In our company meetings we discuss strategy and corporate responsibility issues with board directors and executives, as we believe that these factors affect the potential for a company to deliver long-term sustainable value to shareholders. Such factors include; remuneration, finance, climate change, reputation and litigation risks, deployment of capital and energy efficiency. Further detail of how we engage and monitor companies in which we invest is outlined in our Responsible Investment Policy. Our policy on the exercise of voting rights on behalf of our clients is outlined in our Shareholder Activism Policy.

On behalf of our Institutional clients we employ the services of the voting agency Glass Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. To inform their research, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators, companies directly or other forms of direct procurement. Glass Lewis votes on our clients' behalf at all relevant company meetings.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Longview Partners seeks to always act in the best interests of our clients and where possible avoid conflicts, including those which may arise through voting or engagement. Occasions may arise where a conflict or perceived conflict of interest exists. In such instances, all reasonable steps are taken to ensure that we put the interests of our clients first, as outlined in our Conflicts of Interest Policy.

If Longview manages assets for a company pension plan or related entity, Longview will respect client restrictions but beyond that will vote proxies in that company in the best interest of our clients and consistent with our voting policy and Glass Lewis' recommendations.

Principle 3: Institutional investors should monitor their investee companies.

Longview Partners believes that companies need to be managed in the interests of shareholders. Our investments are focused in companies with good corporate governance, as we believe they are more likely to deliver sustainable, long-term value to their shareholders. Integrated within our investment process is the consideration of risks and opportunities such as government legislation, industry dynamics, mergers and acquisitions and product development/innovation. When we meet company management, we engage with them on finance and remuneration schemes as well as strategy and performance expectations, such as their capital deployment strategy and any other issues and risks facing the business. We evaluate the effectiveness of a company's management and if its past, current or anticipated behaviour is judged to be adverse to its future earnings, these concerns are addressed in our fundamental research and investment process. Poor performance on corporate governance would be reflected in our longer term Quality rating that we assign companies. Any concerns we have with company practices would be proactively addressed in order to protect shareholder value.

On an ongoing basis, we encourage high standards of corporate governance when we meet with senior management of a company, as we recognise that both financial and governance issues can affect the sustainability and long-term performance of the company. We engage with companies on corporate governance issues as part of our overall investment strategy. "Engagement" to us means that we seek to meet with company board directors and executives to discuss strategy and corporate responsibility issues. We are comfortable discussing any contentious issues on company meeting agendas and have ongoing dialogue with management regarding the outlook of the business and the issues and risks affecting it. Consequently, we are able to evaluate any resulting management decisions and actions. We will also discuss the quality of the company's reporting as well as the finance and remuneration schemes and strongly support those that align management's interests with those of shareholders. We incorporate the results from our engagement into our investment criteria. Whilst we put our views forward strongly in these meetings, we do not consider ourselves activist. Ultimately, if after lengthy discussions we believed management was failing to act in shareholders' interests, we would tend to sell our holding in order to minimise the loss of shareholder value.

Longview does not send a representative to attend General Meetings of companies. We engage directly with the management of the companies in which we are invested and do not feel that attendance to these meetings would be the appropriate use of our investment resources.

Longview Partners does not encourage becoming an insider. In the unlikely event that we are made an insider or given material information that has not yet been published, we would follow our policy and procedure on Market Abuse.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

The primary focus of Longview's investment process is to understand the quality of a company and the value of the cash-flows that it can generate. Within our analysis of quality, a large focus is on understanding management's approach to the reinvestment of cash generated and balance sheet management. We do not seek to prescribe a specific approach, rather we ask management to be thoughtful of their actions and to show that due consideration has been given to all options, with an aim of maximising shareholder returns. If we believe management has a poor track record of doing this or inappropriate plans for the future, we will not invest in a company, even if it has other positive investment merits. Where we have concerns that the company's management is not acting in shareholders' interests, our investment team will make clear our concerns to the company. As a concentrated long-term investor we often find company management appreciative of our input.

In our continual assessment of our investments, we have on-going dialogue with the management of companies, in which we are invested or may be invested, to ensure that they are meeting a reasonable governance hurdle. Areas

where we believe they are deficient will be highlighted and our expected levels of performance on governance issues will be made clear. We will closely review a company's performance, governance, remuneration and approach to risk. Anything likely to cause a material change in the value of the business, or our quality rating for the business, will be reviewed by the investment team. If an issue is serious enough that it is likely to cause a material change in our valuation of the business, or a reduction in our quality rating, we will write to senior management or express our views through robust discussions with the appropriate member of the management team. We are willing to challenge management in an attempt to protect and enhance the interests of our clients and will exercise our right to vote against management. As mentioned above, if after lengthy discussions we believed management was failing to act in shareholders' interests, we would tend to sell our holding in order to minimise the loss of shareholder value.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.

Our policy on engagement focuses on meetings and dialogue with company directors and management on a one-on-one basis. Collective engagement with other shareholders would be considered if we believed this would result in a more positive outcome for our clients, is consistent with our policies and procedures and meets all legal requirements. For example, collective engagement would be considered prior to an important company vote, where we felt that our ability to lobby other investors may result in a more positive outcome for our clients. However, we would anticipate collaboration at this level to be infrequent.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.

We carry out proxy voting for all Institutional clients who request Longview Partners to be responsible for the implementation of their voting rights. In order to effectively meet these requirements, Longview engages Glass Lewis as described above. We believe Glass Lewis' expert and independent analysis on governance complements Longview's stock selection process. However, Longview Partners would advocate the exercising of votes, and where necessary, objective and informed intervention in line with our Shareholder Activism Policy.

Proxy voting reports are provided on a quarterly basis to all clients on whose behalf we vote. Given the concentrated nature of our portfolio, we believe it is in our client's best interest to preserve the confidentiality of our holdings and we therefore do not make voting activity data publicly available.

Longview Partners does not engage in stock lending as part of our investment management activity for clients. However, our clients are able to engage in stock lending for their specific portfolio, through arrangements made directly with their custodian.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

On a quarterly basis, we report to our institutional clients our stewardship activities, including engagement activity. Through our voting service provider, we are able to access and provide reports to our clients showing how their shares have been voted.

An independent audit is carried out to ensure we are conducting our activities in line with the AAF 01/06 standards. Part of the independent audit includes a review of the voting process. The AAF 01/06 report is available to existing clients of Longview Partners as per our engagement letter with our auditors.