



Oldfield Partners

Statement of compliance with the UK Stewardship Code

Oldfield Partners LLP (OP) is an asset management firm which started business in 2005. The firm manages around £3 billion in long only equity portfolios for a variety of clients.

We believe that our long term approach to investing benefits from a broad understanding of a company's position in the world, part of which is captured in the UK Stewardship Code, rather than a narrow focus on today's market position and profitability alone. As long term investors we support the general intentions of the code and believe our approach is in line with its basic principles.

Principle 1

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

OP policy is as set out in this document, which is published on our website. The investment team is responsible for discharging our stewardship responsibilities and our approach to investing is based on fundamental, bottom-up company analysis. As part of our research process we aim to understand how a company, and to some degree its management, create long term value for shareholders. This involves a review of company statements, reports and actions, and in many cases, an ongoing dialogue with company representatives. For further detail on the dialogue with companies, please refer to sections on monitoring and engagement policy.

For those clients that give permission to do so, OP takes responsibility for proxy voting and employs the services of governance expert Institutional Shareholder Services Inc. (ISS) to provide analysis and recommendations which assist decision-making. For further information on this subject, please refer to our proxy voting policy.

OP has an obligation to act in the best interest of its clients and does so in accordance with predefined guidelines and objectives.

For further detail on the approach to stewardship, or to contact us about engagement, please email info@oldfieldpartners.com and we will direct you to the correct member of the team.

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.

OP maintains a comprehensive Conflicts of Interest Policy, which is fully in accordance with regulatory guidelines. OP seeks to act in the best interests of clients and avoid potential conflicts of interest. The policy ensures procedures are in place to identify, manage and document conflicts that arise in the course of business.

A copy of the full policy is available on request and is also published on the firm's website.

Principle 3

Institutional investors should monitor their investee companies.

Our approach to investing is based on fundamental, bottom-up company analysis. In assessing companies for investment purposes, we take into account ethical and governance considerations and the extent to which they may affect prospective returns. We avoid companies in which there are serious governance concerns, and companies in which there have been concerns about business being conducted in an unethical manner unless it is clear that such concerns have been dealt with by management and any shortcomings have been addressed. Such concerns may relate to social and environmental matters as well as other ethical and governance practices.

Investee companies are monitored through regular review of company statements, results, reports and, more importantly, actions. In many cases we are in direct contact with company representatives and have the ability to express views or concerns through this ongoing dialogue. In addition, we use a governance expert, Institutional Shareholder Services Inc. (ISS), to provide analysis of governance issues to assist with proxy voting and GES, a specialist provider of research in the area of responsible investment.

The frequency and intensity of this monitoring may vary from company to company. For example, a small family-controlled business operating in Thailand may require greater scrutiny than a large multinational corporation listed in the UK, but a greater allowance must be made for the stage of its development and its resources.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

The decision to escalate engagement with investee companies is judged on a case-by-case basis and is influenced by factors such as the materiality of the issue and the likelihood of exerting a significant influence. Meeting with company management offers an opportunity for us to put across our views. Occasionally we engage with management to promote a particular course of action or to reflect concern about a particular activity or aspect of governance. We

manage concentrated portfolios of around 20 stocks and this concentration helps us to monitor all holdings effectively.

On an annual basis OP publishes a proxy voting and engagement report which highlights some of the engagement activities and escalation undertaken. This is available on the website.

Principle 5

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

OP may be prepared to communicate, and potentially collaborate, with other shareholders sharing the same views but only if it was likely to result in a positive outcome for clients and would not infringe any legal or regulatory requirements. We recently joined an investor forum organised by the Association of British Insurers for this specific purpose and have had discussions with the UK Investor Forum and the FRC about the hurdles currently preventing more widespread collaboration.

Principle 6

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

OP employs the services of governance expert Institutional Shareholder Services Inc. (ISS) to manage the voting of proxies and assist our decision-making. ISS provide analysis and voting recommendations for each proposal and we tend to vote in line with ISS recommendations unless we have a conflicting opinion about a particular issue, in which case we will intervene to instruct as we see fit, or if we feel it is not in our clients' best interests to vote (due to share blocking for example).

ISS voting policies reflect best practice within the industry and are extremely thorough. For example, the policy applied by ISS in the UK is that of the National Association of Pension Funds (NAPF), and the policy manual for the US runs to over 300 pages. The voting policies of ISS are effectively the voting policies of Oldfield Partners, applied in all but a relatively small number of incidences where because of company-specific factors we may take a different view and vote accordingly.

Where a client has specific proxy voting guidelines which differ from ISS, we work with ISS to ensure we vote in line with the guidance prescribed by the client.

Proxy voting records are retained and provided to clients when requested. OP also publishes an annual summary of proxy voting and engagement on its website.

Oldfield Partners does not engage in stock lending, although clients with segregated accounts may have separate programmes managed by custodians or other third parties. In these cases, the programmes operate independently of us and we have no influence or involvement.

Principle 7

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

At the client's request, OP provides regular reports of stewardship activities, including detailed proxy voting records pertaining to the individual client.

The frequency and exact requirements of the reporting are agreed between OP and the client at the inception of the mandate and are generally incorporated into the investment management agreement.

As noted under Principle 6, an annual summary of proxy voting and engagement activity is publicly disclosed via the website.

Our proxy voting control processes are detailed in our AAF 01/06 Assurance Report on Internal Controls which is independently verified by external auditors and available to clients on request.