

UK Stewardship Code
Crown Agents Investment Management
May 2018



Table of Contents

Statement of Compliance	1
Principle 1 – How We Discharge Our Stewardship Responsibilities	1
Principle 2 – Our Policy for Managing Conflicts of Interest	1
Principle 3 – How We Monitor Our Investee Companies	2
Principle 4 – Our Guidelines on Escalating Engagement	2
Principle 5 – Our Willingness to Act Collectively with Other Investors	3
Principle 6 – Our Policy on Voting and Voting Disclosure.....	3
Principle 7 – How We Report on Stewardship.....	3

Statement of Compliance

As the manager of our clients' long-term capital and savings, we support the principles of good stewardship which are set out in the UK Stewardship Code published by the Financial Reporting Council. The purpose of the UK Stewardship Code is to protect and enhance the value that accrues to the ultimate beneficiaries.

Principle 1 – How We Discharge Our Stewardship Responsibilities

This document is published on our website www.aiml.com so that investors and investee companies are aware of the way in which we interact with companies and how we integrate stewardship activities into our investment process.

We manage funds with the perspective of preserving clients' capital and achieving long term positive returns; this prompts us to have a long-term perspective on the companies in which we invest. We therefore consider whether investee companies can generate acceptable returns on the capital employed in their business, whether management is exercising appropriate control and discipline over the deployment of shareholder capital, and whether they can drive and protect value.

We review companies' business strategy, examining financial performance and the way in which returns are generated to shareholders via a range of metrics to evaluate corporate performance and investment opportunity.

We do not generally seek to intervene with companies, nor do we routinely request one to one meetings with management or their representatives. We may however, on occasion, seek to combine with other institutional shareholders where companies are not acting in what we perceive to be the shareholders' best interests.

We view Environmental, Social and Governance factors as an integral part of the investment decision making process, rather than a separate subject that should be viewed in isolation.

Principle 2 – Our Policy for Managing Conflicts of Interest

We recognise that conflicts of interest can arise in the normal course of events. Clear procedures have been established for employees to report actual or potential conflicts of interest to the Chief Risk Officer/Compliance Officer.

Examples of conflicts of interest regarding stewardship include, but are not limited to, the following:

- Where a CAIM employee involved in voting on a shareholding in a client's portfolio is a director of or significant shareholder, or has a position of responsibility at the company being voted upon
- Where the company being voted upon is a significant client of CAIM or of a company related to CAIM
- Where the director of a company being voted on is also a director of a company associated with CAIM, or with CAIM's ultimate owners
- In these situations, it is essential that individuals who have a business relationship with CAIM or its associated companies, cannot influence corporate governance decisions made by CAIM or the employees involved in implementing voting policy

Our process for managing any actual or potential conflicts of interest include a Conflicts of Interest policy and the maintenance of a Conflicts of Interest register.

Principle 3 – How We Monitor Our Investee Companies

We monitor the operational performance of investee companies including any developments which could have an impact on value, as part of our ongoing investment process and stewardship responsibilities.

Monitoring typically occurs by reviewing the statutory financial information disclosed by companies, such as their Annual Report & Accounts, the regular company reporting to the stock market in conjunction with any other news disclosed to the market from time to time or disseminated via regular news channels.

Other aspects of monitoring can include meetings with company management at strategy or other presentations, events where companies present their business and corporate strategy or any other available meeting opportunities.

We believe it is important to monitor companies' progress and evaluate their success or otherwise against financial and other objectives.

We are aware of the obligations relating to market abuse and are rarely in receipt of price sensitive information from companies or their advisers. If we should receive such information, we will become an insider and would not be able to trade in the shares of the company concerned. We generally do not wish to be made an insider and we seek to ensure that investee companies and their advisers do not convey information that could affect our ability to deal in the shares of the company without our agreement.

We consider governance in the context of best practice. It is part of our approach to consider carefully whether it is appropriate to enter a dialogue with a company's board. Regardless of the market listing of an investee company, we aim to vote our clients' shares by proxy. We vote the majority of our clients' UK listed shares by proxy using the ProxyEdge® system. It is unusual for our client base to be large shareholders in a company but in some exceptional circumstances we may attend general meetings (for instance where there is a particularly contentious issue and there may be advantage in attending rather than voting by proxy).

Principle 4 – Our Guidelines on Escalating Engagement

We use reasonable endeavours to enhance and improve shareholder value through constructive engagement with the companies in which we invest. However, there may be instances where it is necessary to escalate matters to protect and enhance our clients' long-term investment returns.

These might include when minority shareholder rights are threatened, if the board shows a significant lack of independence or other governance conflicts arise, when the board structure is compromised, or we otherwise have long-term strategic concerns. We will normally raise our concerns through confidential discussions with the board and management.

Escalation may involve interaction with the independent directors, the company's advisers or collective action with other shareholders. However, we will seek to ensure that escalation does not contravene any regulatory or legal obligations.

Should the company be unwilling to alter its position, we may consider further steps by:

- Voting against management
- Collaboration with other asset managers
- Divestment of our shareholding

We do not generally make any public statements about our stance with respect to specific companies or issues pertaining to them.

Principle 5 – Our Willingness to Act Collectively with Other Investors

There may be occasions when it is more effective to work with other institutional shareholders to influence company management. This can occur when management have been unwilling to follow a desired policy. In participating in collaborative initiatives, we need to be conscious of any potential conflicts or issues of insider information.

Any collaborative arrangement will be reviewed on a case by case basis and any such strategy will have a pre-determined objective. The collaboration will be monitored to assess whether such an objective has been met.

Where appropriate, we may seek to work through industry forums.

Principle 6 – Our Policy on Voting and Voting Disclosure

We recognise the importance of voting rights and the overriding principle is that we will vote in the best interest of our clients.

Most voting resolutions for larger UK quoted companies target governance issues, such as the appointment of directors, approval of dividends, report and accounts and permission to issue shares, capital allocation and business restructuring. We evaluate voting issues arising at our investee companies and, where we are required to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the best interests of our clients. We assess each proposal and consider a range of factors, including the circumstances of each company, performance, governance, strategy and the track record of senior management.

We will vote against company management if appropriate, particularly where the management have not followed the combined code on corporate governance.

It is our policy not to abstain as we regard abstention as a vote wasted.

Principle 7 – How We Report on Stewardship

We believe it is important to be as transparent as possible to our clients regarding voting activity. We do however recognise that some disclosures may be sensitive and possibly counterproductive. As agents acting on behalf of our clients we report regularly the details of our activity and any engagement with investee companies on shareholdings.

We report our voting record to our clients on a quarterly basis.

We do not publish our voting record on our website as we do not believe this is of any benefit to our clients.

Crown Agents Investment Management.

St Nicholas House, St Nicholas Road,
Sutton, Surrey, SM1 1EL.
United Kingdom.