Silchester International Investors LLP

UK Stewardship Code Statement

ESG Policy

Proxy Voting Policy

Shareholder Rights Directive Disclosure

Principal Adverse Impact Statement

February 2023

Silchester International Investors LLP

UK Stewardship Code Statement

Asset managers that are authorised by the Financial Conduct Authority (the "**FCA**") are required under the FCA's Conduct of Business Rules to produce a statement of commitment to the UK Stewardship Code ("**the Code**") or explain why it is not appropriate to their business model. While Silchester International Investors LLP ("**Silchester**") is not a signatory of the UK Stewardship Code, this document describes how Silchester applies the Code's twelve principles as a discretionary asset manager of publicly traded equities. This statement is also intended to inform the unitholders in Silchester's commingled funds, the companies in which we invest and other market participants of Silchester's philosophy and practices regarding stewardship and engagement.

The concept of stewardship concerns a person looking after someone else's property. Silchester expects the boards and management of the companies in our investment programme to be good stewards of their businesses and to comply with applicable laws, disclosure obligations and listing requirements. Silchester expects the boards and management of the companies in our investment programme to maximise the long-term prosperity of their companies by applying capital in the most effective manner. Successful companies benefit all stakeholders – including shareholders, employees and the wider economies of the countries where they operate.

Principle 1 – Describe how the asset manager's purpose, investment belief, 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.

Silchester is a private investment partnership established in 1994 to specialise in international equity investment. Silchester has one primary investment programme – International Value Equity – and offers its international investment programme exclusively through five privately offered long-only commingled funds. Silchester's clients are predominantly US institutional investors (e.g., endowments, foundations, pensions plans, insurance companies, high net worth family groups) with long-term investment horizons.

Silchester's objective is to maximise the wealth of our clients by maximising the intrinsic value of Silchester's investment portfolio over time. Silchester defines intrinsic value as the earnings, assets and dividends delivered by our portfolio companies and aggregated within the investment programme. This policy is implemented by a strong price discipline – lower multiples of earnings, assets and dividends means more earnings, assets and dividends at the outset – and by a quality appraisal which seeks to identify companies capable of increasing earnings, assets and dividends by their own efforts. Silchester believes that a successful accumulation of intrinsic value can lead to a good investment return. This focus on intrinsic value looks at investment in a business sense. It is concerned with earnings, assets and dividends and not with stock market fluctuations, except to the extent that stock market fluctuations provide opportunities to allocate capital.

Principle 2 – Explain how the asset manager's governance, resources and incentives support stewardship.

Governance and Resources:

Silchester has a Business Supervisory Group, a partnership's equivalent of a Board, which is responsible for ensuring that all business groups have sufficient resources and expertise to carry out their responsibilities with due care and skill. Silchester also has an Investment Supervisory Group that is responsible for ensuring that the investment team is running efficiently and in line with Silchester's investment aims.

Silchester's investment team is collectively responsible for the programme through research and portfolio management. The objective of Silchester's research work is to assess the quality of a company – to identify businesses that have the ability to grow their earnings per share, dividends per share and assets per share over time without reverting to shareholders for additional financing. Silchester's research work includes qualitative work on the balance sheet, operating strengths and weaknesses, management and corporate governance.

Ownership and Incentives:

Silchester is structured and operated as a partnership. Silchester is controlled by individuals that are active in the business and is thus not under outside pressure to grow the business. Silchester believes in staff having significant investments in its international equity programme. The total level of alignment within the firm is both material and significant.

Principle 3 – Explain how the asset manager manages conflicts of interest to put the best interest of clients and beneficiaries first.

Silchester's Compliance Manual incorporates the firm's Conflicts of Interest Policy and Inventory. All members of staff are required attest that they will adhere to Silchester's Compliance Manual on an annual basis and Code of Ethics on a quarterly basis. Silchester's policies and procedures are intended to minimise the risk of conflicts of interest emerging and, where these are present, they are appropriately managed. Conflicts of interest can arise in Silchester's stewardship and engagement practices. Such situations may include when: (i) a portfolio's company's retirement plan assets are invested in one of Silchester's commingled funds; (ii) a portfolio company or one of its affiliated entities are a Silchester counterparty; or (iii) where the person responsible for overseeing the investments of a client is also a director or officer of a portfolio company and will materially benefit from any executive compensation or incentive scheme subject to a shareholder vote.

Where a conflict of interest arises between a portfolio company and Silchester and/or a client, the proxy voting decision in relation to the company will be considered "material" and the issue flagged to the individuals responsible for Silchester's proxy voting decisions. At least two members of the firm must approve any proxies, including any material items.

Principle 4 – Explain how the asset manager identifies and responds to market-wide and systematic risk to promote a well-functioning financial system.

Governments and regulators have a responsibility to manage and mitigate systematic risks. Silchester is supportive of common-sense regulation and seeks to comply with all material laws and regulations. Silchester takes the view that good corporate citizenship helps to protect and enhance investment returns. Silchester encourages portfolio companies to act responsibly and with integrity, which will enhance investment returns, but also improve the functioning of public markets.

Silchester's investment team commonly considers emerging systematic risks at their twice-yearly offsite meetings. Silchester's investment philosophy is based on fundamental research in order to make a judgement as to the quality of the underlying company. Silchester is not driven by top-down macro analysis. Silchester seeks to evaluate market-wide and systemic risks as part of its bottom-up investment research reports.

Principle 5 – Explain how the asset manager reviews their policies, assure their processes and assess the effectiveness of their activities.

Silchester reviews its policies and procedures on a regular basis. Silchester maintains records of engagement activity and proxy voting decisions with portfolio companies. This allows Silchester to monitor the effectiveness of engagement and voting activity.

Principle 6 – Describe how the asset manager takes account of client and beneficiary needs and communicates activities and outcomes of their stewardship and investment to them.

As of 1st January 2023, Silchester had US$38bn of assets under management across approximately 550 client relationships. The majority of Silchester's clients are US based institutional investors such as charities, foundations, endowments and pension plans. Silchester does not offer segregated accounts or client direction on proxy voting and corporate governance issues. Silchester believes this helps to ensure fairness and simplicity across its entire client base. Whilst some investors have expressed a preference for Silchester to restrict investments in companies involved in certain practices, Silchester believes it has a fiduciary obligation to seek the best investment return for all our clients. Silchester has not agreed to any client specific investment restrictions.

Silchester looks to keep an open line of communication with both clients and consultants by providing a monthly newsletter. This newsletter normally covers both "firm" and "portfolio" changes, and discusses Silchester's investment philosophy, holdings and performance. Clients receive a monthly statement showing units held, their market value and performance figures. Clients may request to receive quarterly proxy voting reports. As part of its efforts to provide transparency to clients, Silchester offers, amongst other items, (i) monthly holdings lists, (ii) daily performance estimates and daily non-tradable estimated NAVs, (iii) monthly attribution, and (vi) quarterly cross trading, proxy voting, ESG and sideletter summaries. Silchester does not provide clients or consultants with details of our trading activity, as this may constitute material non-public information.

Principle 7 – Explain how the asset manager systematically integrates stewardship and investment, including material environment, social and governance issues, and climate change to fulfil their responsibilities.

Silchester's investment discipline favours companies that are trading on attractive valuation ratios. Silchester considers environment, social and governance issues ("ESG") issues alongside other relevant factors in assessing value. This assessment is carried out in Silchester's research work which is the basis of portfolio management decisions. Silchester does not employ negative screens. Silchester integrates ESG factors into its investment appraisals. Silchester's approach seeks to identify situations where intrinsic value is at risk and long-term cash flow conversion may be impaired by unsustainable business practices. A wide range of ESG issues are relevant to the investment return and, specifically, Silchester takes the view that good corporate citizenship helps to protect and enhance investment returns.

To help with investment appraisals, Silchester subscribes to an ESG database and ESG rating service offered by Sustainalytics. While data is not available for all companies included in Silchester's portfolio or investment universe, the information provided by Sustainalytics provides ESG profile information and an ESG score, which Silchester uses in its research processes. The ESG profile information also forms part of Silchester's standard research checklist and part of Silchester's screening, research prioritisation and portfolio implementation processes.

Principle 8 – Explain how the asset manager monitors and holds to account managers and/or service providers.

Silchester receives a range of services in support of its stewardship and engagement activities.

Proxy Voting:

Northern Trust, custodian for Silchester's various commingled funds, has outsourced certain of its proxy processing responsibilities to Broadridge, a leading provider of proxy voting services. Broadridge provides Silchester with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, power of attorney maintenance, recordkeeping and custom reports, and vote instruction processing services.

Silchester does not outsource any part of its proxy voting decision-making process to Broadridge or Northern Trust. Silchester also receives proxy voting information from both Glass, Lewis & Co. ("Glass Lewis") and Institutional Shareholder Services ("ISS"). Silchester has no default position for voting and does not default to either counterparty's proxy voting recommendations.

Company Appraisals:

Silchester uses external research provided by sell-side analysts as an input into its investment appraisals. Silchester also subscribes to an ESG database and ESG rating service offered by Sustainalytics. While data is not available for all companies included in Silchester's portfolio or investment universe, the information provided by Sustainalytics provides ESG profile information and an ESG score, which Silchester uses in its research process.

Principle 9 – Explain how the asset manager engages with issuers to maintain or enhance the value of assets.

Silchester has a long history of engagement with portfolio companies.

At Silchester, engagement with portfolio companies is part of the investment process, the primary concern of which is to maximise the intrinsic value of the portfolio. Silchester believes there are two core reasons for company engagement. Firstly, Silchester has fiduciary responsibility to engage. Secondly, it presents an opportunity to improve per-share intrinsic value. Silchester's engagement activities may take time to deliver meaningful change.

At Silchester, engagement with portfolio companies is the responsibility of the investment team. In carrying out its appraisals, Silchester will typically hold meetings with company representatives. On becoming a shareholder, Silchester will engage companies on material issues where appropriate. Silchester monitors its portfolio companies through, amongst other things, one-to-one meetings with management and boards, by reviewing the annual report and other information published by the company, by monitoring news flow and through third party research. On average, Silchester attends between 150 to 250 company meetings per year. This is in addition to proxy voting activities and written engagement outside of meetings. Silchester normally send two 'standard' letters to portfolio companies on an annual basis. The first at the start of the year, related to capital allocation, governance and Silchester's approach to proxy voting. A second letter is sent later in the year, mainly to Japanese companies, where directors have received significant votes against them at their respective AGMs.

Silchester asks its portfolio companies to abide by the following principles:

- *Value creation*. Silchester looks for Boards to develop a company's earnings, assets and dividends per share (intrinsic value) over the long term. The positive development of free cash flow per share is fundamental to the positive development of intrinsic value.
- *A sound balance sheet*. Modest debt is reasonable but excessive debt should be avoided. However, a balance sheet that carries surplus cash or bonds is inefficient and Silchester considers excess capital an abuse of shareholders' interests.
- *Good capital allocation*. Earnings should be retained if they can be invested at a good incremental return in the business. Silchester is sceptical of too much merger and acquisition activity. Capital should be retained only when a decent return on equity is achievable.
- *Share issuance*. Share issuance risks existing shareholders owning a smaller proportion of the business. Share issuance should be modest in scale and offer pre-emption rights to existing shareholders. Silchester will generally oppose any issuance of shares greater than 5% without pre-emptive rights and cumulative issuances of shares greater than 10% without shareholder approval.

- *Remuneration.* Executive remuneration schemes should be simple, transparent and modest. Remuneration plans should align the financial interests of executive management with shareholders by encouraging or requiring equity ownership by executive management.
- *Business plans.* Strategic plans should be simple and focused on the core business in activities that offer a decent Return on Capital and development of intrinsic value. Sensible consideration of ESG issues should be reflected in business plans. Companies with poor ESG records are unlikely to be sustainable in the long term.
- *Board composition.* A Board should be sufficiently experienced, diverse and resourced to properly direct and oversee the development of the business. Independence of thought and perspective is desirable. Silchester believes that at least 30% of directors on the Board should be independent, and we prefer a majority of independents. Independent directors should limit the number of directorships they hold and be available for engagement with shareholders.
- *Restrictive voting rights.* Silchester favours voting rights that are directly linked to the economic interests of business owners, so one vote for each share in issue. Silchester do not support mechanisms that may delay or reduce our ability to vote on significant transactions.

Principle 10 – Describe when the asset manager, where necessary, participates in collaborative engagement to influence issuers.

Silchester's preference is to engage with portfolio companies on an individual basis. Subject to regulatory constraints, conflicts of interest and acting in concert restrictions, Silchester may communicate with other shareholders regarding a specific proposal or on issues which could have a material impact on shareholder value.

Principle 11 – Describe when the asset manager, where necessary, escalates stewardship activities to influence issuers.

Silchester looks to have a high level of engagement where it sees issues compromising shareholder value and Silchester applies its votes accordingly. Silchester has been notably active in engagement and in voting where Silchester has seen overcapitalised companies in Japan falling short (e.g., in their return on equity). This included introducing special dividend resolutions at the June 2022 AGMs for four Japanese regional banks (Bank of Iwate, Shiga Bank, Bank of Kyoto and Chugoku Bank). Although none of the special dividend proposals were successful, Silchester was encouraged by the level of support the proposals attracted. At three regional banks (Shiga Bank, Bank of Iwate and Bank of Kyoto), Silchester's shareholder proposals garnered the support of 22% - 25% of shareholders. This is significantly higher than the number of shares Silchester controls.

Silchester prefers confidential discussions with portfolio companies as these can help build an effective relationship. If a particular issue is identified, Silchester may raise its concerns on a call with a member of the executive management, or Board member, including a non-executive director or Chairman. Silchester may also issue a formal letter to the company's Board with a sensible timeframe to address the issue. If the company does not adequately address these concerns, Silchester may vote against relevant board members when their position is subject to re-election.

If the circumstances require, Silchester will engage in public communications. These may include issuing a press release documenting Silchester's opposition on a given issue and recommending to other shareholders that they take specific action. Silchester will, in exceptional circumstances, attend meetings for companies where a problematic issue is being discussed and/or if Silchester believes that this is reasonably necessary to fulfil its fiduciary responsibilities to clients. Silchester will introduce AGM and/or EGM motions where it believes it is in the best interest of clients to do so.

Principle 12 – Describe when the asset manager, actively exercises their rights and responsibilities.

Silchester considers it to be of paramount importance when assessing proxy voting responsibilities to recognise the fiduciary responsibility it assumes as investment manager. Silchester recognises the need to exercise its proxy voting obligations with a view to enhancing long term investment values. Silchester believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures. It is Silchester's policy, to use its best efforts to vote proxies arising on all shares.

The following table presents overall proxy voting statistics for the 2022 calendar year:

Total Number of Proxies Voted	145
Total Number of Proxies Received	147
Total Number of Proposals for All Proxies Received	2,091
Number of Proposals Voted Against Management Recommendation	524

Silchester voted against at least one resolution at around 80% of meetings. Silchester was particularly active in Japan where it voted against management at around 80% of meetings, primarily on matters related to the re-election of directors where we voted against around 40% of the directors that were up for re-election.

Amongst other items, Silchester voted against management recommendations in these circumstances:

- Silchester voted against the (re)appointment of directors at a business that had for many years delivered a low return on equity and had no credible plan to generate a decent return;
- Silchester voted against anti-takeover mechanisms;
- Silchester voted against allowing a portfolio company to issue shares that would cause the share count to increase by over 20%;
- Silchester voted against allowing share issuance without pre-emption rights; and,
- Silchester voted against approving management compensation where there was poor alignment between staff and shareholders.

Silchester may periodically be unable to vote a specific proxy including (but not limited to) when a custodian provides no voting service in a given market or because the custodian's agent, in error, does not process a proxy or provide sufficient notice of a vote. Silchester may also refrain from voting if it is considering liquidating a position, as shares may be blocked. Clients can elect to receive quarterly summaries of proxy voting activity.

In order to protect the integrity of Silchester's investment programme, it is Silchester's policy not to publicly disclose information about securities held in its client's portfolios, except where required by law or regulation. This policy extends to the quarterly voting summaries.

Environmental, Social and Governance Policy ("ESG")

ESG issues form part of Silchester International Investors LLP's ("Silchester") investment process.

Silchester has a fiduciary obligation to seek the best investment return for its clients. Silchester's investment discipline favours companies that are trading on attractive valuation ratios. Rather than employ negative screens, Silchester integrates ESG factors into its appraisals. This helps filter out situations where intrinsic value is at risk and long-term cash flow conversion may be impaired. A wide range of ESG issues are relevant to the investment return. Silchester considers ESG issues alongside other relevant factors in assessing value and potential in its investments. This is carried out in Silchester's research work, which then provides the basis of investment and portfolio management decisions. ESG issues are not a separate set of analysis but an integral part of investment appraisals.

At Silchester, a prime concern is the cash generation of any portfolio investment. Cash generation reflects the ability of a business to convert its earnings into cash, which is then available to reinvest into the business for growth, reduce leverage and/or return cash to owners. Activities that depend on unsustainable businesses rate poorly on our qualitative investment criteria. In our research work, businesses that create unnecessary waste or pollution, utilise enforced labour, uneconomic wage rates, child labour, and/or unsafe or harmful business practices rate poorly on our cash profits criteria because these profits are unlikely to be sustained. Our normalisation, which assesses through the cycle profits and cash generation, would likely anticipate declining profitability for businesses with unsustainable business practices.

To help ensure that our normalisations are robust, Silchester has subscribed to an ESG database and rating service offered by Sustainalytics. The ESG risk rating aims to quantify a company's exposure to industry specific ESG risks and how well that company is managing those risks. Sustainalytics determines the exposure of an individual company to a wide range of material ESG issues. Each ESG issue is given an exposure risk score, the exposure risk is split into manageable and unmanageable risk and a management score is applied– the final score on each ESG issue is the sum of the unmanageable risk and the proportion of manageable risk that is not being managed. The final Sustainalytics ESG score is the aggregate of all the individual ESG issue risk scores for a specific company. A company's Sustainalytics ESG Risk Rating can be compared to industry peers and broader groups of companies. Companies are ranked according to overall exposure to material ESG issues and the management of those issues. Quality of disclosure impacts the ESG Risk Rating – if a company does not disclose the action it is taking to manage ESG risks then it will likely score badly relative to its peers with better disclosure.

While data is not necessarily available for all companies included in Silchester's portfolio or investment universe, the information provided by Sustainalytics provides an ESG score, which is used in our research reports. The ESG profile information forms part of Silchester's standard research checklist. The ESG profile information also forms part of our screening, research prioritisation and portfolio implementation processes. Silchester views this data as being a complementary part of its investment process, governance work and proxy voting policies and decisions.

The companies in which Silchester invests have to deal with many uncertainties. We view the issue of companies operating in industries or countries with poor environmental or social safeguards as being another such uncertainty. As an investment manager, Silchester want to be aware of how and where our investee companies operate. However, the decision to operate legally, either directly or indirectly, in an unpopular jurisdiction or industry, to deal with difficult political environments or unfriendly regimes around the world, lies with the management and board of a company. These are important issues, but important alongside many others. Nonetheless, such factors remain a concern to Silchester. In summary, the possibility that a portfolio company may legally operate in a given industry, country or region causes no change in our investment process.

Silchester has not agreed to become a signatory to the UN PRI or similar initiatives. This does not mean that Silchester disagrees with such principles – when last reviewed, the UN PRI and related CFA

Society standards (amongst others) appeared sensible. Silchester looks to avoid signing up to voluntary initiatives as doing so increases the amount of internal monitoring and administration that must be completed by the firm. This could then serve to distract – rather than enhance – investment returns. Silchester is also concerned about the risks of adopting policies that have been put in place by unelected bodies or governmental officials that do not have the ultimate responsibility for overseeing them.

Silchester has not agreed to any client specific investment restrictions when it comes to ESG matters. It does not accept client direction on proxy voting or corporate governance issues. There have been circumstances in the past where clients have felt passionately about a given issue (e.g., investment in alcohol securities, issues involving life issue (e.g., abortion, stem cell research), nuclear power and disarmament, military funding). Silchester carefully considered the client's views on the matter but was ultimately required to consider the best interests of all clients when making investment decisions.

Proxy Voting Policy and Procedures

Silchester International Investors LLP ("Silchester") considers it to be of paramount importance when assessing proxy voting responsibilities on behalf of its privately offered commingled funds (the "Clients") to recognise the fiduciary responsibility it assumes in acting as investment manager. Silchester also recognises the need to exercise its proxy voting obligations with a view to enhancing long term investment values. Silchester believes that both are generally compatible with good corporate governance as they provide the best operating environment for each underlying portfolio company to cope with competitive commercial pressures.

Voting Policy

It is Silchester's policy, subject to the considerations described below, to use its best efforts to vote proxies arising on all shares held on behalf of the Clients. Standard issues typically arise at Annual General Meetings ("AGMs") or Ordinary General Meetings ("OGMs"). Standard issues may include items of a routine nature such as the presentation of financial statements to shareholders, approval of routine executive compensation or incentive plans, approval of financial statements by shareholders, election of directors and approval of directors' fees, election of auditors and approval of audit fees and declaration of dividends.

Material issues may arise at Extraordinary General Meetings ("EGMs"), Special General Meetings ("SGMs"), OGMs or AGMs. Material issues may include items that relate to corporate governance matters; changes in a company's country of incorporation; mergers and other corporate restructurings; anti-takeover provisions such as staggered boards, poison pills, or supermajority provisions; changes to capital structures including increases and decreases of capital and preferred stock issuance; material stock option, management compensation, or incentive plan issues; and social and corporate responsibility considerations.

Conflicts of Interest

Silchester also considers standard issues to be material issues when it has knowledge that a potential conflict of interest with management is present. These situations can arise where a portfolio company's U.S. retirement plan assets are a Unitholder in one of Silchester's Clients, or when a portfolio company or one of its affiliated entities is also a brokerage counterparty to Silchester's security or foreign currency transactions or, where the person responsible for overseeing investments at a Unitholder that is invested in a Client is also a director or officer of a portfolio company that could materially benefit from any executive compensation or incentive scheme subject to shareholder vote. Silchester may not be aware of the roles performed for current and/or potential portfolio companies by Unitholders. Unitholders should notify Silchester in writing of any known affiliations with publicly traded companies that could fall within Silchester's investment universe. Unitholders should also notify Silchester in writing if they are actively involved in the financial services industry or affiliated or employed by an investment bank, broker, custodian or asset management firm.

Role of Third Parties

Silchester currently subscribes to proxy voting research from Glass, Lewis & Co. ("Glass Lewis") and Institutional Shareholder Services ("ISS"), to assist in the assessment of resolutions and the identification of contentious issues. Although Silchester receives proxy voting information from both Glass Lewis and ISS, Silchester has no default position for voting and does not default to either counterparty's proxy voting recommendations. Each issue being voted on is assessed individually.

Voting Procedures

The Northern Trust Company ("Northern Trust") holds all Client securities, cash and other assets for the benefit of the Unitholders. Northern Trust has outsourced certain of its proxy processing

responsibilities to Broadridge Financial Solutions ("Broadridge"), a leading provider of proxy voting services. Broadridge provides Silchester with meeting notification and ballot delivery services, agenda summaries, detailed agenda content including original source documents, translation services, power of attorney maintenance, recordkeeping and custom reports, and vote instruction processing services. Meeting notifications are provided according to an established service level agreement in place between Northern Trust and Broadridge and one in place between the Northern Trust and Silchester. Silchester does not outsource its proxy voting decision making process to Broadridge or Northern Trust.

Following receipt of proxy voting materials from Broadridge, Silchester's Administration Group prepares a Proxy Voting Summary Ballot (the "Ballot"). The Ballot includes the meeting agenda, details of the number of shares held by each Client, the previous year's votes and a deadline for the response. The Ballot will also include the relevant reports from Glass Lewis and ISS for additional information. Each Ballot must be approved by two authorised signatories, who will assess the potential impact that the votes may have on the portfolio company and decide on how to vote the proxy in question. Authorised signatories include members of the Portfolio Implementation Group or the Chief Compliance Officer.

In certain circumstances, Silchester may be unable to vote a specific proxy including (but not limited to) when Northern Trust or Broadridge does not provide a voting service in a given market, because Northern Trust or Broadridge, in error, does not process a proxy or provide sufficient notice of a vote, or because an error is committed by any party involved in the proxy voting or registration process. Silchester may also refrain from voting if, for example, it is considering liquidating a position (as shares may be blocked when proxies are submitted), or when Silchester has sold out of the company prior to the vote deadline, or where the costs of voting a specific proxy outweigh the economic benefit that Silchester believes would be derived by a Client, or where a specific class of shares or equity instrument does not carry voting rights with respect to a given issue subject to shareholder vote, or where re-registration of the shares into the Client's name (rather than Northern Trust's nominee's) name may (or may reasonably be expected to) result in a violation of local privacy laws or adversely impact the Client's economic interests.

Unitholders are advised that when voting proxies in certain markets, Silchester may be constrained by certain country or portfolio company specific issues. For example, some companies in the portfolio impose voting caps on the maximum number of proxy votes that any single outside shareholder may control. Others require all board issues to be resolved by a show of hands, rather than a poll. As all shares may be held by one nominee, these restrictions have the effect of substantially limiting the impact of any proxies cast. Furthermore, some companies in the portfolio may restrict Silchester from voting proxies where disclosures of holdings or securities under Silchester's control have not been made in a timely basis or in a format required under their articles of incorporation.

Reporting

Unitholders may receive a quarterly summary of proxies voted or not voted and issues raised at meetings held by portfolio companies by contacting Silchester and asking to be included on the quarterly proxy voting distribution list.

Shareholder Rights Directive (SRD II)

Asset managers that are authorised by the Financial Conduct Authority (the "FCA") are required under the FCA's Conduct of Business Rules ("COBS Rules") to develop and publicly disclose an engagement policy (and publicly disclose on an annual basis how its engagement policy has been implemented) or publicly disclose a clear and reasoned explanation of why it has chosen not to comply with any of the requirements imposed by the relevant COBS Rules.

Silchester believes its UK Stewardship Code Statement provides sufficient detail on its engagement policies as required under the COBS rules. Silchester has chosen not to publicly disclose, on an annual basis, how its engagement policy has been implemented. Silchester does not believe it is necessary or appropriate for such information to be publicly disclosed given the size of its holdings in portfolio companies and the nature of its client base.

Principal Adverse Impact Statement (SFDR)

No Consideration of Sustainability Adverse Impacts

The EU's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR") was published in December 2019 and forms part of the EU's package of measures relating to Environmental, Social and Governance ("ESG") issues. Article 4 of SFDR requires Silchester International Investors LLP ("Silchester") to provide information on the principle adverse impacts of its investment decisions on sustainability risks.

In this context, a sustainability risk is considered an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of a portfolio company. Although sustainability risks are incorporated into Silchester's investment decision making processes, Silchester does not consider the adverse impact of its investment decisions on sustainability factors, as defined in SFDR.

Silchester considers a wide range of factors, including sustainability risks, in determining the quality of a portfolio company. Silchester prioritises obtaining investment returns for clients over unrelated objectives, including sustainability factors, which would lead it either to sacrifice investment returns or take on additional investment risk to promote non-pecuniary goals. To the extent that a sustainability risk occurs or occurs in a manner that is not reasonably anticipated by Silchester, there may be a sudden, material negative impact on the value of a portfolio company, and hence investment returns.