

STEWARDSHIP REPORT

March 2024

Under COBS 2 of the FCA Handbook, NS Partners is required to make a public disclosure in relation to the nature of its commitment to the UK Stewardship Code 2020 (the “Code”) and The Shareholder Rights Directive II, (SRD II).

The definition of stewardship according to the code is ‘Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society’.

The 2020 Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and significantly increases the scope, standard and application of stewardship, including a much greater emphasis on environmental, social and governance (ESG) issues than previous codes.

We believe that companies operating with sound business practices, including appropriate attention to environmental issues, social practices and corporate governance, are more likely to present better opportunities for investment than those without.

In addition, since February 2016 we have been signatories to the United Nations-supported Principles of Responsible Investment (PRI) a globally recognized voluntary framework for investment entities wishing to address ESG issues. The PRI encourages investors to use responsible investment to enhance returns and better manage risks. NS Partners is also part of Climate Action 100+ and seeks opportunities to engage specifically on climate related topics through this organization and in addition is aligned with TCFD, supporting the improvement and increase of reporting of climate-related financial information.

This report explains the extent to which we have complied with the Code and contains a description of how the principles of the Code have been applied and the resultant outcomes.

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.

NS Partners is an independent investment management firm specializing in actively managed global equity portfolios on behalf of major companies, pension funds, foundations, endowments and high net worth individuals. We are focused on achieving outstanding performance while providing exceptional service to our clients.

NS Partners is a research-driven, active manager that complements its bottom-up fundamental company analysis with industry, sector and regional analyses.

Stock selection is based on identifying companies that are expected to generate increasing economic, not accounting, profit (i.e., where returns on invested capital exceed their cost of capital). We closely monitor monetary conditions in the major economies and maintain a strategic bias to those companies, industries and countries that have superior long-term growth potential.

Our rigorous research and screening process results in team members, each a specialist in a particular country or region, explaining the rationale for holding the company before the stock is included in the portfolio. Decisions to buy or sell, are made within a broader framework that looks at:

- Liquidity
- Sector exposure

- Performance of stocks owned (and not owned)
- Tracking error of significant positions
- Risk profile of the overall portfolio using quantitative analysis

NS Partners' overall objective is to maximize exposure to the best market opportunities while keeping the portfolio within acceptable risk tolerance levels and ensuring proper diversification of investment ideas.

NS Partners' primary responsibility is our fiduciary duty to our clients, which includes acting and investing with prudence. As such, we are committed to incorporating Environmental, Social and Governance (ESG) considerations in our investment process as we believe that ESG factors can play a material role in determining risk and return of securities and that all else being equal, over time companies with better or improving ESG practices will outperform those with poorer or deteriorating ESG practices.

By ensuring that financially material ESG factors are captured in the investment process, our policy on responsible investing aligns with our duty to seek the best returns for our clients. As an investment manager, NS Partners is committed to encouraging companies to adopt policies that enhance long-term financial performance through our engagement. Our objective for engagement is generally to promote disclosure and transparency regarding ESG risk.

Engagements are generally undertaken by members of the Portfolio Management and the Connor, Clark & Lunn Financial Group (CC&LFG)'s Stewardship & Engagement teams. At NS Partners, our approach is different from some other asset managers as we do not systematically exclude regions, sectors, sub-sectors or companies, we assess each case individually.

Where consistent with our fiduciary responsibilities, as signatories of the UN PRI, NS Partners commits to the following six principles.

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Incorporate ESG issues into ownership responsibilities policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which it invests.
4. Promote acceptance and implementation of the Principles with asset management participants.
5. Work together to enhance effectiveness in implementing the Principles.
6. Report on its activities and progress towards implementing the Principles.

As part of our commitment to these Principles, NS Partners seeks continual improvement to our approach to responsible investing and believes that our efforts have been effective, for example as mentioned under principle 10, in becoming a signatory to Climate Action 100+ and being aligned with TCFD.

NS Partners has further integrated ESG analysis into our investment process, collecting more data through questionnaires sent to portfolio companies, engaging with companies' managements across a range of ESG issues including remuneration, water usage, testing and certification protocols and improving oversight with ESG updates included at quarterly board meetings.

Principle 2 Signatories' governance, resources and incentives support stewardship.

NS Partners' board of directors provides oversight of all responsible investment activities. The Co-Chief Investment Officers provide management and supervision of responsible investment activities. The Investment Team attend monthly regional stock meetings and stock note meetings where new ideas for

the portfolio are proposed, and consistency and alignment with policies is implemented at such meetings. All team members are a part of the Investment Policy Committee (IPC), which meets weekly and reviews the risk profile of the products as part of the standard agenda. Our Economist & Investment Strategist presents the latest economic and liquidity releases of the previous week. The meeting also includes discussions of any country specific news, currency and commodity movements, performance attribution of the previous week, review of all portfolios with similar mandates to ensure consistency with portfolio strategy and risk contributions to the teams' various mandates.

The entire investment team also meets monthly to discuss a geographic region to review current holdings that have moved significantly up or down on a relative basis and on an ad hoc basis to discuss new stock ideas.

Additionally, as an affiliate of Connor, Clark & Lunn Financial Group, the investment team at NS Partners receives support from dedicated responsible investment staff from within the Connor, Clark & Lunn Financial Group (CC&LFG) Stewardship & Engagement team. The Stewardship & Engagement team will assist NS Partners' portfolio manager's engagement efforts, communication with companies, collaborations and proxy voting. Engagement activity is regularly shared, across portfolio managers at monthly regional stock meetings.

INS Partners publishes an annual responsible investment report, which seeks to update clients on engagement activities, proxy voting outcomes, a selection of ESG characteristics across portfolios, portfolio level emissions and MSCI ratings of representative portfolios relative to respective benchmarks.

Principle 3 Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

The management of conflicts of interest has always formed part of the Firm's agreements with its Clients. As part of its governance and compliance arrangements, the Firm has in place a Conflicts of Interest policy which, establishes a procedure by which the Firm identifies and documents the key potential and existing conflicts of interest to which it is subject, together with the management arrangements that have been put in place to mitigate these such that no detriment is caused to the Firm's clients.

We seek to create an environment where staff awareness of conflicts of interests and potential conflicts of interests is conducive to identifying and resolving issues as they arise. Our core aim, is to always act in the best interests of clients, seeking to treat clients fairly in every interaction and communicate with them in an open and transparent manner.

For example, NS Partners utilizes the global proxy voting research and voting services of Institutional Shareholder Services (ISS) to help assess and vote proxies in accordance with its custom voting policy. Taking into account NS Partners' custom guidelines, ISS prepares voting recommendations for all proposals on which NS Partners is entitled to vote. To ensure that ISS adequately identifies and addresses any actual or perceived conflicts of interest, the Stewardship & Engagement team undertakes an annual review of ISS' policies and procedures with regards, to ethics and conflict of interest.

Principle 4 Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

NS Partners takes seriously our responsibility to promote the integrity of capital markets. As such, we maintain robust policies and procedures covering topics including ethics, compliance, anti-money laundering, best execution and responsible investment.

NS Partners operates a risk management framework that enables identification, monitoring and management of the risks to which the firm and its funds are exposed. Its Enterprise Risk Management across the firm is the integration of the methods and processes used to identify and manage risk.

Additionally, NS Partners supports the International Corporate Governance Network (ICGN) through our affiliation with members, Connor, Clark & Lunn Financial Group.

Principle 5 Signatories review their policies, assure their processes and assess the effectiveness of their activities

Policies, including those related to responsible investing, engagement and stewardship are reviewed on an annual basis and updated where necessary. New policies, and any changes are reviewed by the Investment Team, Chief Compliance Officer and senior leadership, before ratification by the Board.

Internal review of the investment process and associated controls is included in the risk-based compliance-monitoring programme, which is undertaken quarterly. In addition, a Risk Committee meets quarterly and Compliance report quarterly to the Board. Any exceptions are reported and where necessary process or procedures updated.

Principle 6 Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

NS Partners invest on behalf of clients in our alternative investment funds and segregated mandates and in relation to all clients, we acknowledge our fiduciary duty to preserve and enhance value on their behalf.

As we hold investments in companies on a long-term basis, we regard the process of stewardship as a natural part of our investment approach.

On request, NS Partners can provide detailed monthly reporting to each institutional client. The majority of clients also receive a quarterly report, which includes a narrative on the market, NS Partners' current views, future investment strategy, portfolio changes, performance analysis and proxy voting summaries.

We engage with clients, to better understand their interests and priorities for additional ESG reporting or additional requirements.

Principle 7 Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

NS Partners believes ESG factors play a material role in determining risk and return of securities, as such consideration of ESG factors and their direction of travel in terms of improvement vs. deterioration forms an important part of the assessment when a new stock is proposed for the portfolio. In-house country research across our Emerging Market Portfolios is also carried out, analysing shorter-term political risks as well as longer term ESG momentum such as governance, corruption and institutional quality at a country level and how this is changing over time. Our policy is applied across all regions, however, where applicable important regional differences and best practices will be taken into account. The ESG factors NS Partners considers include but are not limited to:

Environment

- Carbon emissions
- Other greenhouse gas emissions

- Waste products
- Water usage/management

Social

- Human Rights
- Compulsory/child labour
- Workplace safety
- Responsible supply chain management/procurement
- Diversity
- Local communities

Governance

- Shareholder rights
- Board diversity and independence
- Executive Compensation
- Corruption

NS Partners gathers a broad spectrum of data to be used as part of the investment research process, from primary sources such as Bloomberg and MSCI. In addition, an ESG questionnaire is sent to portfolio companies. Stock notes contain an ESG section where ESG scores from MSCI, other providers (where available from Bloomberg) and additional ESG data are analysed and other relevant ESG information presented. The materiality of the ESG risk for each stock, is considered and discussed as part of the stock selection process.

Relevant and material ESG factors are different between sectors, regions and stocks, we do not apply the same criteria across all categories, instead we seek to assess the pertinent factors in each individual case and the impact on both risk and return. We do not systemically exclude regions, sectors, sub-sectors or companies, we assess each case individually. Portfolios are monitored, on an ongoing basis for significant deterioration of a stock's ESG score and any significant change in ESG related risks, when applicable this information is reviewed in the monthly stock meetings.

Carbon Footprint reports are run on all portfolios quarterly.

As follows are examples of how NS Partners incorporate sustainability issues in equity valuation and portfolio construction.

- NS Partners continues to look for and make investments in companies that can benefit from sustainability issues, from improving energy efficiency (Schneider Electric) to utilities focused on renewables (SSE) to investments in green infrastructure (Macquarie) to banks lending to 'green projects' (HSBC, BNP Paribas).
- Throughout 2023 and across portfolios NS Partners has lower carbon intensity relative to the portfolios' respective benchmarks..
- Across portfolios NS Partners remains underweight metals and mining and energy.

Principle 8 Signatories monitor and hold to account managers and/or service providers.

NS Partners do not outsource any stewardship responsibilities.

Principle 9 Signatories engage with issuers to maintain or enhance the value of assets.

As an investment manager, NS Partners is committed to encouraging companies to adopt policies that enhance long-term financial performance. Our objective for engagement is generally to promote disclosure and transparency regarding ESG risk. As previously noted, NS Partners sends an ESG questionnaire to companies as part of the investment research process, we believe this encourages greater disclosure and highlights best practice on ESG related issues. In addition, the investment team regularly meets with company management and addresses any relevant ESG concerns in these forums.

NS Partners also uses proxy voting as a route to engage with companies, in cases where we are considering voting against management, we reach out to discuss the issues in more detail before voting.

In March 2023 NS Partners participated in a meeting with HSBC's Sustainability Officer. HSBC's new energy policy was discussed, their aim is a holistic policy that links all energy production together, that can achieve real world emissions reductions without endangering regional security of supply or introducing blanket bans on fuels in high emitting areas such as emerging markets, they prefer to stay involved and help to shape the future rather than exit. There are red lines for the most polluting assets such as shale, heavy oil and ultradeep, now will they finance new oil-fired power stations or brown or grey hydrogen. In discussions regarding their interactions with clients, again there was an emphasis on a nuanced approach, engaging with them to develop plans for transition and emissions reduction, they have the flexibility to manage clients based on their individual circumstances rather than off-board a client on day one if they do not have a plan that aligns with net zero. Internal modelling and data analytics for ESG was discussed, any RWA adjustment has not been implemented as this requires regulatory approval which as yet has not been granted. This was a productive discussion which provided useful insight into HSBC's approach to sustainability and revealed a proactive and pragmatic methodology.

Principle 10 Signatories, where necessary, participate in collaborative engagement to influence issuers.

In addition to completing independent engagements, NS Partners may also participate in collaborative engagements and initiatives. These collaborations may involve other institutional investors, industry associations or advocacy groups, and help us to pool resources and speak with a stronger unified voice to protect the interests of shareholders in the companies in which we invest on behalf of our clients. As a signatory of the UN PRI, NS Partners utilize the UN PRI Collaboration Platform as a primary source of collaboration opportunities.

NS Partners is also part of Climate Action 100+ and seeks opportunities to engage specifically on climate related topics through this organization. NS Partners is currently part of the group engaging Lockheed Martin alongside three other investors. In addition is aligned with TCFD, supporting the improvement and increase of reporting of climate-related financial information

Principle 11 Signatories, where necessary, escalate stewardship activities to influence issuers.

Should NS Partners be unsuccessful in an engagement, resulting in an insufficiently addressed ESG issue at an investee company, NS will consider the following possible escalation methods:

- Collaborative engagement to speak with a more powerful, unified voice.
- Voting against management.
- Public engagement via an open letter.
- Filing a shareholder proposal.

- Divesting or implementing an exit strategy.

NS Partners considers escalation on a case-by-case basis and does not place any formal restrictions on possible escalation measures.

Principle 12 Signatories actively exercise their rights and responsibilities.

NS Partners owe a duty to our clients to exercise their voting rights in a thoughtful and considered manner and we are committed to evaluating and voting proxy issues in the best interests of our clients. NS Partners' Proxy Voting Policy is publicly available on our website.

As previously noted, NS Partners utilizes the proxy research and voting services of Institutional Shareholder Services (ISS) to help assess and vote proxies in accordance with our custom voting policy. Taking into account NS Partners' custom guidelines, ISS prepares voting recommendations for all proposals on which we are entitled to vote. NS Partners uses these recommendations as a guide, however, certain situations will warrant additional review. Where there is a recommendation to vote against management, we reach out to the company to gain a better understanding of the issue at hand. As a result of this engagement and our assessment of the relevant information, NS Partners may choose to vote contrary to the ISS recommendation.

NS Partners takes its voting responsibilities very seriously and uses its best efforts to exercise these rights in all cases, however there may be situations when it may be impractical or impossible for NS Partners to vote. Such circumstances include a limited number of international markets where share blocking applies or when securities are on loan to a third party. Due to the liquidity and administrative challenges, NS Partners will typically not vote in these situations. NS Partners may deviate from this approach if the situation warrants.

In 2023, NS Partners successfully cast votes on 98% of resolutions on which we were entitled to vote. Those not voted were as a result of share blocking, administrative burdens, and materials not being received on time. In terms of the total votes, 89% were voted with management, 9% against management and 2% were voted against ISS recommendations. Of the proposals voted against management, 8% were capitalization related, 42% director related, 22% compensation related, 4% merger/reorganization related, 5% business related, 5% corporate governance related, 2% related to miscellaneous issues and 12% environmental and social related.

Clients may retain direct voting for any assets held in a segregated account structure.

NS Partners does not engage in stock lending.

NS Partners, with assistance from the CC&LFG Stewardship & Engagement team, performs quarterly audits to ensure all accounts with voting rights are correctly set up with the custodians, sub-custodians and voting agent.

In May 2023, NS Partners supported a shareholder resolution requesting that Starbucks Corporation provide a report on their commitment to freedom of association and collective bargaining rights. While we noted the company's commitment to international norms, such as the UN Guiding Principles on Business and Human Rights, the Women's Empowerment Principles, and the ILO Core Labor standards, NS Partners felt that the proposed third-party assessment may benefit shareholders by providing additional information on the company's management of risks related to human rights, freedom of association, and collective bargaining.