

ESG Statement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Hosking Partners' investment process is based on a team of generalist investors, unconstrained by sector or geographic specialisation, and organised in a multi-counsellor structure with each portfolio manager having full autonomy in order to exploit the global opportunity set most efficiently. Consideration of ESG issues forms a part of the portfolio managers' investment analysis, in an integrated approach, as we do not think it is appropriate to isolate any aspect of a company's activities from the rest. Whilst we may consult third-party ESG research, ratings or screens, we do not exclude any geographies, sectors or stocks from our analysis based on ESG profile alone. The portfolio managers' generalist remit and independent stance affords us the perspective to think more broadly about long-term factors such as changes to regulatory conditions, liabilities not reflected in financial statements and reputational issues which are captured more easily by a qualitative approach.

ACTIVE OWNERSHIP

Proxy voting is a fundamental part of active ownership and our procedures are designed to ensure we instruct the voting of proxies in line with our long-term investment perspective and client investment objectives. We use the proxy voting research coverage of Institutional Shareholder Services Inc. (ISS). Recommendations are provided for review internally and where the portfolio manager wishes to override the recommendation they give instructions to vote in a manner in which they believe is in the best interests of our clients.

Engagement is an important part of our process and our willingness to take on large stakes in companies allows us more effectively to put to use the potential value of our engagement. As well as engaging in specific situations, we focus on company management, and careful consideration is undertaken by the portfolio managers to assess whether the management teams' time horizons and incentive frameworks are aligned with the long-term interests of our clients. We also look to confirm management's understanding of capital allocation and believe part of getting capital allocation right is to consider environmental and social risks, along with other factors that might affect a company's long-term valuation.

Our broad and diversified portfolio means that the level of interactions varies and engagement will generally be directed to those investee companies where we expect such involvement to add the most value. Discretion over engagement remains with each portfolio manager. Further details on our voting and engagement activities are provided in our Active Ownership Report, which is available upon request.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI)

Hosking Partners has a fiduciary duty to act in the best long-term interests of its clients. Hosking Partners is a listed signatory of the United Nations Principles for Responsible Investment (UNPRI). We believe that becoming a signatory complements our aforementioned fiduciary duty and aligns our activities with the broader objectives of society as reflected in the UNPRI's six principles.