

Stewardship Code

July 2020

This document sets out the Statement of Compliance with the Financial Reporting Council's Stewardship Code for Hosking Partners LLP.

STATEMENT OF COMPLIANCE

Hosking Partners LLP ("Hosking Partners" or the "Firm") is authorised and regulated by the Financial Conduct Authority in the United Kingdom and registered with the Securities and Exchange Commission in the United States. The investment objective is to achieve rates of return in excess of the benchmark over the long term via investment in a portfolio of global securities.

The UK Stewardship Code is overseen and published by the Financial Reporting Council, the independent regulator overseeing financial reporting, accounting and auditing and corporate governance. The Code, first published in 2010, sets the benchmark in the UK for institutional investors to meet ownership obligations in respect of their holdings of UK equities.

Hosking Partners' multi-counsellor approach is deliberately structured to give each autonomous portfolio manager the widest possible opportunity set and minimal constraints to make investment decisions.

Hosking Partners supports the aims of the Stewardship Code for its UK investments and supports the Principles as best practice for its other investments. Hosking Partners considers that it complies with the majority of the recommendations of the UK Stewardship Code. Set out below is the approach taken in respect of the key recommendations. Please direct any questions regarding Hosking Partners' approach to stewardship to: Simon Hooper, Chief Operating Officer (compliance@hoskingpartners.com).

PRINCIPLE 1

Institutional investment firms should publicly disclose their policy on how they will discharge their stewardship responsibilities

Hosking Partners has outlined its guidelines and the key characteristics it looks for in boards of portfolio companies in its Voting Policy and Shareholder Engagement Statement. Hosking Partners actively monitors and, where appropriate, engages in dialogue with portfolio companies. Hosking Partners' belief is that active ownership – in the form of long-term analysis of investments, active exercise of shareholder rights, and constructive engagement – improves accountability, and long-term returns. Shareholder Engagement is integral to Hosking Partners' investment process.

PRINCIPLE 2

Institutional investment firms should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Hosking Partners maintains a robust policy on managing conflicts of interest which is designed to ensure its decisions are taken wholly in the interest of its clients. Hosking Partners aims to ensure that all potential and actual conflicts are identified, evaluated, managed, monitored and recorded.

Hosking Partners' Conflicts of Interest Policy is available to its clients upon request, and defines activities that have potential to present conflicts of interest and sets out the procedures to manage those conflicts.

PRINCIPLE 3

Institutional investment firms should monitor their investee companies.

Interaction with management and ongoing monitoring of investee companies is an important element of Hosking Partners' investment process. Hosking Partners does however recognise that its broad portfolio of global companies means that the levels of interaction are necessarily constrained and interaction will generally be directed to those investee companies where such involvement is expected to add the most value. Monitoring includes meeting with senior management of the investee companies, analysing annual reports and financial statements, using independent third party and broker research and attending company meetings and road shows.

PRINCIPLE 4

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

Hosking Partners looks to engage with companies generally, and in particular where there is a benefit in communicating its views in order to influence the behaviour or decision-making of management. Engagement will normally be conducted through periodic meetings with company management. It may include further contact with executives, meeting or otherwise communicating with non-executive directors, voting, communicating via the company's advisers, submitting resolutions at general meetings or requisitioning extraordinary general meetings. Hosking Partners may conduct these additional engagements in connection with specific issues or as part of the general, regular contact with companies.

PRINCIPLE 5

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

Hosking Partners recognises that there are occasions when it is better to work with other shareholders to effect change. Where Hosking Partners considers that it is likely to enhance its ability to engage with a company, and it is permitted by law and regulation, it will work with other investment firms. This may involve sharing views and ideas with such other institutions. It may also involve meeting companies jointly with other shareholders or using the services of third-party membership organisations or other collaborative or informal groups.

PRINCIPLE 6

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

Hosking Partners maintains proxy voting policies and procedures that are designed to ensure that it instructs the voting of proxies and the exercise of other rights attached to shares, taking account of the Firm's long-term investment perspective and its clients' investment objectives and policy and interests, subject to any restrictions attached to the exercise of such rights. Hosking Partners uses the proxy voting research coverage of Institutional Shareholder Services Inc. 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 its clients.

PRINCIPLE 7

Institutional investment firms should report periodically on their stewardship and voting activities.

Hosking Partners does not publicly disclose voting records as it considers that such information belongs to its clients on whose behalf it has voted and not the general public. Hosking Partners reports to its clients in respect of its Voting Policy and any proxy voting it has undertaken on their behalf.

Hosking Partners has adopted a proxy voting policy that is guided by its fiduciary responsibilities and commits its portfolio managers to vote in a manner in which they believe will do the most to maximise shareholder value and never to prioritise unrelated objectives. Proxy votes are reviewed by the Compliance Officer or his delegate for adherence to this policy.