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Stewardship refers to how we manage and protect our clients' assets by monitoring investee companies. This includes engaging with company management on strategy, performance, governance, capital structure and risk management. We apply our approach on stewardship to all companies that we invest in, both in the UK and overseas on behalf of our clients.

This document outlines how we apply the seven principles of the Korea Stewardship Code ('The Code'). The Code was adopted by the Korea Corporate Governance Service (KCGS) in December 2016.

PRINCIPLE 1:

Institutional investors, as a steward of assets entrusted by their clients, beneficiaries, etc, to take care of and manage, should formulate and publicly disclose a clear policy to faithfully implement their responsibilities.

As an active manager of long-term concentrated portfolios Martin Currie takes stewardship very seriously. We are motivated by a belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to make sure that the interests of company managements are aligned with their shareholders (our clients), and that the former take this into account when making decisions. We place a particular emphasis on governance, strategy and capital allocation, but also pay significant attention to 'sustainability' issues, including those of an environmental and social nature.

Our stewardship activity manifests itself principally in monitoring and engagement – both privately or in collaboration with other investors – and our voting activity. With regards to the former we try to build strong relationships with investee companies, ensuring that our engagement is not constrained by our clients' minority-shareholder status. Nonetheless, we will continue to join collaborative efforts, particularly when deemed likely to be more efficacious than acting alone. Our voting policy is determined by our internal guidelines, with an expectation that companies will comply with (local) best practice or explain why this is not the case. Where clients assign us proxies we will vote with their best interests in mind.

When voting against management we endeavour to inform them of our rationale for doing so in advance of the vote so as to allow due time for a response. All resolutions are reviewed in this context, with the responsibility for decisions residing with the investment team with oversight by our independent Head of Stewardship & ESG.

As well as our internal research, we utilise the services of proxy advisor Institutional Shareholder Services (ISS), which provides its own research on resolutions presented for company meetings. We use their platform to instruct the votes. Our governance and oversight documents, which apply across all regions, are reviewed annually, to ensure that we stay abreast of developments and best practice.

PRINCIPLE 2:

Institutional investors should formulate and publicly disclose an effective and clear policy as to how to resolve actual or potential problems arising from conflicts of interest in the course of their stewardship activities.

We make significant efforts to identify potential conflicts of interest and have detailed management policies in place to mitigate these should they arise. These policies are owned and signed off by our Executive and shared with our clients. In addition, we disclose to our clients the nature and source of conflicts and our processes and controls around them, to ensure that risks of damage to the interests of a client will be mitigated. The types of scenarios covered by our conflicts of interest policy are:

- Where the interests of Martin Currie conflict with those of a client
- Where the interests of one Martin Currie client conflicts with interest of another client
- Where the interests of an employee of Martin Currie conflicts with the interest of a client

One specific conflict relates to investment in the shares of our parent company, Franklin Resources Inc. In order to manage this, our policy is not to invest client portfolios in shares of Franklin Resources Inc.

Our policy places responsibility on all staff to identify and report any potential conflicts. These are reported to our compliance team and placed on our conflicts register. There is an established process for managing each conflict, with an owner assigned to each and controls put in place and regularly reviewed to ensure that they remain relevant and effective.



We principally manage money for institutional investors – many on a segregated basis – who all receive our policy, but we do not publish this on our website, as we do not believe it is appropriate or beneficial to share with a wider audience. The policy contains sensitive and confidential information and full public disclosure may therefore not be in our clients' best interest.

Martin Currie's Head of Stewardship & ESG is independent of both the investment and client servicing teams, which helps guard against any potential conflicts. We maintain a 'conflicts register' and assess our controls on a quarterly basis. We also provide our staff with regular training in 'conflict management' to ensure company-wide clarity about our policies.

PRINCIPLE 3:

Institutional investors should regularly monitor investee companies in order to enhance investee companies' mid- to long-term value and thereby protect and raise their investment value.

As bottom-up investors we pay very close attention to developments at investee companies, using publicly available information, third-party research and direct communication. We hold regular meetings with management of the companies in which we invest our clients' money, to discuss strategy, sustainability and performance, and to review management processes against best practice. As mentioned, we actively engage with investee firms on issues put to shareholder vote, especially in instances where we disagree with the resolutions tabled.

Where a company chooses not to comply with the local corporate governance code we will consider the explanation provided in the context of the particular circumstances for that business. When further information is required, or the explanation is unclear, we will seek to engage with the company.

We want to establish an open dialogue with investee companies. Our in-depth research, which is refreshed at least annually, regular contact with management of companies we invest in, and assessment of resolutions put to shareholder vote, help us identify potential issues or changes at investee companies. As long-term investors we also want companies to consult with us when there are material changes and issues which impact long-term shareholder value, such as strategy, capital structure, governance and wider sustainability matters.

We aim to engage with companies in an informed, constructive and discrete manner. Under certain circumstances – when we deem it to be in the best interest of our clients – we will agree to being made insiders in investee companies for a limited period of time, but we expect the latter to seek our explicit approval beforehand and to exercise due caution in what information they share with us during this process. Where we do become an insider, we follow the procedures in our 'Insider Dealing and Market Abuse' policy.

We have an internal research database where we also record our engagement and voting activity and ISS, our proxy voting provider, publishes our voting records on their platform. We also publish our voting record on our website.

PRINCIPLE 4:

While institutional investors should aim to form a consensus with investee companies, where necessary, they should formulate internal guidelines on the timeline, procedures, and methods for stewardship activities.

We recognise that our 'standard' engagement approach – seeking constructive dialogue with management – may not always yield the results aimed for and in these circumstances, we will consider escalating our stewardship activities. This will include seeking additional meetings with the company, contacting the non-executive directors or company advisors, or voting against management. Scenarios that would warrant this include when minority shareholders' rights are being compromised; when we are concerned about board structure; or sustainability issues that could undermine a company's future earnings' potential. Indeed, as long-term investors we expect the companies in which we invest to focus on delivering durable shareholder value. This means that we expect management to consider long-term risks and opportunities presented by environmental, social and governance (ESG) factors. The topics and issues on which we are most likely to intervene will therefore also include environmental or social issues.

In making decisions as to whether engagement will be escalated, a number of factors will be considered, for example:



- The particular circumstances giving rise to an issue
- How this compares to perceived best practice
- The explanations provided by the company
- The potential impact for our clients
- Whether there is a history of related issues

Should unilateral engagement efforts prove insufficient, we will consider escalation via a collaborative route – contacting other shareholders to discuss joint intervention (see principle 5). When all reasonable options have been exhausted, we may sell the shares to protect our clients' interests.

PRINCIPLE 5:

Institutional investors should formulate and publicly disclose a voting policy that includes guidelines, procedures, and detailed standards for exercising votes in a faithful manner, and publicly disclose voting records and the reasons for each vote so as to allow the verification of the appropriateness of their voting activities.

We endeavour to vote on all our clients' shares when this responsibility has been delegated to us. Our protocol is set out in our Global Corporate Governance Principles and our Proxy Voting Policy. Our policy is not to automatically support the management and we will consider to what extent the proposals are in line with our policy. We focus on the extent to which managers of the business have been good stewards of shareholder capital and in particular we will pay attention to:

- Board structure and election of directors
- Directors' remuneration
- Audit and appointment of auditors
- Reporting and financial disclosure
- Technical issues – particularly shares without pre-emption rights
- Capital allocation in the interests of all shareholders

Our voting policy and process is overseen by our Head of Stewardship and ESG. As mentioned, we employ Institutional Shareholder Services (ISS) as our proxy voting advisor. Although their recommendations are typically in line with our corporate governance and proxy voting guidelines, we do not delegate responsibility for deciding how to vote our clients' proxies – these decisions are all made on a case-by-case basis by the investment team in conjunction with the Head of Stewardship and ESG.

As already outlined, we encourage the companies in which we invest to focus on delivering sustainable shareholder value. This means management should consider the long-term risks and opportunities presented by environmental, social and governance (ESG) factors. How the company behaves in this respect will inform our voting decisions. When voting against a resolution, we seek to inform management of our reasons for doing so before the vote and will engage with the company where appropriate.

We disclose our voting records on our website one quarter in arrears. These disclosures can be found on our Stewardship page at www.martincurrie.com.

Where clients request it, we will also provide a reason for each vote against management. Martin Currie does not provide clients with a stock lending service. Should they want to lend their stock, they have to make their own arrangements, and assume responsibility for calling back their shares if they wish to exercise their voting rights.

PRINCIPLE 6:

Institutional investors should regularly report their voting and stewardship activities to their clients or beneficiaries.

Transparency is critical to Martin Currie, and this includes communicating stewardship activities. Our quarterly client reports include a section on ESG (often encompassing voting information) and we produce articles on our engagement activities, which are sent to clients and posted on our website. In addition, when requested, we provide our institutional clients with detailed quarterly reports on our engagement and voting activities. We also produce an annual report on our stewardship and ESG work for broader dissemination, and this explains our approach, engagement and voting activities, and outlook on key themes.



We record all of our voting and engagement activity on our internal research database and publicly disclose a summary of our voting activities on our website. In an effort to make sure we do not depart from best practice we also solicit external assurance of our voting processes, in particular with reference to conflict management. This is under the SSAE16 framework.

Our collaborative engagement is predominantly carried out in conjunction with the PRI. The PRI set out a clear process and parameters around each engagement which provide a framework within which we operate.

PRINCIPLE 7:

Institutional investors should have the capabilities and expertise required to implement stewardship responsibilities in an active and effective manner.

As an active manager of long-term concentrated portfolios Martin Currie takes stewardship very seriously. We are motivated by a belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to make sure that the interests of company managements are aligned with their shareholders (our clients), and that the former take this into account when making decisions.

We choose to integrate stewardship and ESG across the investment team with the principle responsibility for integration, engagement and proxy voting lying with the portfolio managers and analysts.

We have established an ESG Working Group which is made up of representatives from across the investment teams and focuses on evolving our approach to stewardship and ESG and sharing best practice. We also have a Stewardship & ESG Council who oversee the overall approach, sign off on stewardship related policies and ensure that resources are in place to support work in this area. In addition, the Stewardship & ESG team formulate policy, provide guidance and training and manage relationships with external providers.

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