

CONFLICTS OF INTEREST POLICY

INTRODUCTION

Walter Scott & Partners Limited (Walter Scott) was founded in 1983 to offer global and international equity portfolio management services to institutional investors and similar clients.

The FCA regulation, SYSC 10, requires firms to have regard for actual and potential conflicts of interest which may arise between the firm, its employees and its clients and to have in place effective processes and procedures to identify and manage these. Conflicts of interest are inherent throughout the investment management business, therefore from the outset the firm has organized its activities to ensure the interests of its clients are always placed first and to ensure any conflicts of interest do not cause harm to its clients.

IDENTIFYING CONFLICTS OF INTEREST

‘Appropriate steps’ must be taken to identify conflicts of interest and in doing so consideration should be given as to whether the firm/employee:

- Is likely to make a financial gain, or avoid a loss at the expense of a client;
- Has an interest in the outcome of a service or transaction conducted on behalf of a client which is distinct from that client’s interests;

- Has any incentive to favour the interest of one client over another;
- Carries on the same business as the client;
- Will receive any inducement, such as monies, goods or services, as a result of providing a service, other than the standard commission and/or fees.

KEY CONFLICTS

Walter Scott has identified the following areas which may give rise to a conflict of interest and has in place processes and procedures to adequately manage these:

OWNERSHIP

Walter Scott is a wholly owned subsidiary within the Bank of New York Mellon Corporation group (BNY Mellon). Walter Scott operates autonomously from BNY Mellon in terms of its investment research, portfolio management, investment administration and other elements that impinge directly upon the investment management services provided to clients. The investment decisions reflected within Walter Scott client portfolios reflect its independent investment research.

Owing to legal/stock exchange restrictions Walter Scott may be subject to aggregate ownership limits

on some stocks as part of the wider BNY Mellon group.

AFFILIATES

Walter Scott is a research led organization. As a group company of BNY Mellon the firm is affiliated to certain entities, some of which are utilized by the firm for activities such as fund administration, distribution, FX trading and IT hosted systems. All agreements have been established and will be maintained at arm’s length. Walter Scott acts as sub-advisor to a number of mutual funds and pooled investment vehicles operated by its affiliates both on a discretionary and non-discretionary basis. All such investment advisory services are provided under formal written agreements between both parties.

PORTFOLIO IMPLEMENTATION

The firm’s Portfolio Implementation team is responsible for administering Walter Scott’s investment decisions into the structure of portfolios in line with client mandate guidelines and restrictions. The firm’s Investment Management Committee (IMC), which comprises senior management of the firm and the most senior members of the investment team, reviews portfolio performance and the dispersion of similarly mandated portfolios.

For the avoidance of doubt portfolios can and do differ between clients, notwithstanding similar strategies. Reasons for such differences include, but are not limited to, the starting date of the mandate and existing portfolio composition, differences between client guidelines and restrictions, client structure, portfolio liquidity, frequency of cash flows, the size of the mandate in question and appropriateness for a particular portfolio, taking into account appropriate portfolio diversification.

BROKERS

All new brokers are approved by the Trading Oversight Group (TOG) and Investment Operations maintains a complete list of active approved brokers for equity trading. No equity trading is conducted with any executing brokers affiliated with BNY Mellon. Walter Scott selects brokers regardless of whether that broker's clearing agent is an affiliate of BNY Mellon. In general, all securities trading is carried out on an agency basis. Walter Scott does not use trading commissions to pay brokers for any services other than trade execution. No commission sharing arrangements are in place.

A small number of entities with which Walter Scott has a client relationship are affiliated to entities included on Walter Scott's authorised broker list. The TOG monitors broker usage and commission rates paid on a quarterly basis with the Risk & Compliance (R&C) team reviewing this annually.

TRADING

Aggregation / Execution / Allocation Of Orders

It is the general policy of the firm to aggregate purchase or sale orders of the same equity when trading for more than one client. Aggregating orders may transpire to be advantageous

or disadvantageous to any particular client or group of clients. Walter Scott has policies and procedures for best execution and fair allocation. Walter Scott does not cross stock between client accounts.

Trade Rotation

Following the receipt of any subsequent orders in the same stock to an outstanding aggregated order (due to other trades having to settle prior to that order being placed or other reasons) the original aggregated order will be stopped and a new one started with the relevant changes. In the event that the aggregated order is actively working in the market when the new order/s are received the new order/s will not participate in that days allocation and will be merged into the block after that day's trade execution has been reported and fairly allocated amongst the original participants.

ERROR CORRECTION

In the event that there is a trade error resulting from an error by Walter Scott, the firm would advise the client and, where necessary and subject to the details of the specific breach, recompense the client's portfolio with appropriate compensation.

EMPLOYEE COMPENSATION / PERSONAL TRADING

Compensation

In addition to base salaries, employees of Walter Scott are eligible to participate in the firm's annual profit share which is a fixed percentage of the firm's pre-incentive operating profits. For directors and some senior staff, the majority of annual compensation is the profit share. An element of this is deferred via a long-term incentive plan, largely invested in a UK domiciled long term global equity fund sponsored by BNY Mellon with Walter Scott acting as investment advisor and BNY Mellon

stock. Both have a deferral period which vests on a pro-rata basis over four years.

Employee Equity Transactions

The firm operates strict personal trading rules restricting members of staff from purchasing shares in any US mutual fund where Walter Scott is the sub-advisor and staff may not use discretion to purchase individual securities.

Employees are required to pre-clear dealing transactions through the R&C team and submit quarterly declarations of their holdings at the end of each quarter.

Any inherent conflicts resulting from employees or Walter Scott investing in the same products as clients are therefore managed effectively.

Outside Interests/Directorships

The firm adheres to the requirements set out by BNY Mellon in relation to outside activities, affiliations, or employment which may give the appearance of a conflict of interest or could create a direct conflict between an employee's interests and those of the firm or its parent BNY Mellon. Employees must obtain approval from BNY Mellon Ethics Office for certain outside activities prior to proceeding or accepting the position and annual re-approval.

Insider Trading / Market Abuse

Policies and procedures exist to prevent employees from insider trading, trading upon material non-public information (MNPI). Those employees who possess inside or proprietary information must preserve its confidentiality and disclose it only to other employees who have a valid business reason for receiving it.

INDUCEMENTS

Gifts And Entertainment

Employees may neither give nor accept anything of value where doing so could

create the appearance of a potential conflict of interest. All hospitality or gifts given or received (apart from those of de minimus value) must be declared with pre-approval required for government entities in most instances and where values may exceed the pre-determined threshold amounts. The receiving and giving of gifts and entertainment is monitored by the R&C team to ensure these do not influence staff behaviour in a way that conflicts with the interests' of clients.

Sponsorship & Charitable Donations

Within the firm's governance structure, the Walter Scott Giving Group is responsible for reviewing/approving all charitable donations and sponsorships. The Giving Group operates under a Terms of Reference which specifically states no sponsorship or donation for any client is permitted.

Internships/Work Placement

To ensure there is no preferential treatment given to clients and their relatives when applying or seeking internships/work placement, Walter Scott adheres to the requirements set out by BNY Mellon whereby all applications must be routed through a centralized HR process. In addition, employees are required to attest on an annual basis as part of the Code of Conduct questionnaire that they have not hired through a non-recognised HR channel.

PERSONAL RELATIONSHIPS

Employees of Walter Scott may have close personal or family relationships which could be viewed as a conflict of interest. Familial relationships are disclosed as part of the HR screening process for new employees and there is an obligation to disclose any new relationships for existing employees. Members of staff are not permitted to have direct or indirect authority over the employment status of another

relative nor can they be in a position to jointly control or influence transactions.

PROXY VOTING

Unless instructed to the contrary by a client, Walter Scott performs proxy voting on behalf of its clients. Votes are cast in line with client specific proxy voting guidelines or in a manner consistent with the clients' best interests without regard for any interest Walter Scott may have in the matter. Walter Scott receives documentation on forthcoming votes from custodians and ISS, however, the firm votes independently of recommendations from any intermediary.

FEES AND COMMISSIONS

Walter Scott's trading income is derived from investment management fees which align the firm's and its clients' interests. The majority of Walter Scott's clients are charged fees on scales that reflect the value of assets in the client's account. A few clients operate with performance related fees. Walter Scott does not differentiate in the management of portfolios on the basis of the method of fee calculation or by client type.

Fee Sharing Arrangements / Referral Fees

In Australia Walter Scott is the investment advisor for funds sponsored and distributed by Macquarie Bank. In the event that any Australian or New Zealand investors award Walter Scott a new portfolio and not an investment in the existing funds, Walter Scott shares its fees with Macquarie on a pre-arranged scale.

Walter Scott shares fee income with certain affiliates within the wider BNY Mellon group under arrangements similar to those disclosed above. Walter Scott is solely responsible for the

payment of these fees which come out of its own profits. These payments do not increase the fees paid by investors.

Walter Scott does not charge or receive compensation in respect of the sale of securities, private funds, mutual funds or other investment products. However, certain employees of the firm's affiliates receive such compensation.

REPORTING POTENTIAL CONFLICTS

All employees are required to report actual or potential conflicts of interest to the R&C team as soon as they are identified. Sufficient detail must be provided in order to properly assess the conflict and determine what action, if any, should be taken.

MANAGING / MONITORING OF CONFLICTS

In addition to the processes and procedures for managing conflicts outlined above Walter Scott's committees of the board are responsible for review of the firm's policies and procedures covering all aspects of its operations. Day to day monitoring is carried out by the R&C team using a risk based programme. The firm maintains a conflicts matrix which is reviewed on a six monthly basis with any changes submitted to the Risk & Compliance Committee for review and approval.

OWNERSHIP

The Risk & Compliance Committee has ownership of this policy.

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 15 April 2020

**REGULATORY
INFORMATION**

Walter Scott & Partners Limited (Walter Scott) is an investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a wholly owned non-bank subsidiary of The Bank of New York Mellon Corporation. Walter Scott is registered in the United States under the Investment Advisers Act of 1940.

Walter Scott provides investment management and advisory services to non-UK clients and, Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors.

Walter Scott is registered with the SEC in the United States of America, as an Exempt Market Dealer in all Canadian provinces and, with the FSCA in South Africa.

**IMPORTANT
INFORMATION FOR USA**

Walter Scott & Partners Limited (Walter Scott) is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Walter Scott is also registered as an investment adviser with the US Securities and Exchange Commission (SEC). Securities offered in the US by BNY Mellon Securities Corporation (BNYMSC), a registered broker-dealer. Investment advisory products offered in the US through BNYMSC employees acting in their capacity as associated investment adviser representatives of BNYMSC.

**IMPORTANT
INFORMATION FOR
CANADA**

Walter Scott is registered as an Exempt Market Dealer (EMD) (through which

it offers certain investment vehicles on a private placement basis) in all Canadian provinces (Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Quebec, Saskatchewan and Ontario) and is also availing itself of the International Adviser Exemption (IAE) in these same provinces with the exception of Prince Edward Island. Each of the EMD registration and the IAE are in compliance with National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations.

**IMPORTANT
INFORMATION FOR
AUSTRALIA**

This material is provided on the basis that you are a wholesale client as defined within s761G of the Corporations Act 2001. Walter Scott is registered as a foreign company under the Corporations Act 2001. It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 in respect of these services provided to Australian wholesale clients.

**IMPORTANT
INFORMATION FOR
SOUTH AFRICA**

Walter Scott is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa. FSP No. 9725.

**RISK FACTORS
& IMPORTANT
INFORMATION**

The statements and opinions expressed in this report are those of Walter Scott as at the date stated and do not necessarily represent the view of The Bank of New York Mellon Corporation, BNY

Mellon Investment Management or any of their respective affiliates.

All investments have the potential for profit or loss and your capital may be at risk. Past performance is not a guide to future results and returns may increase or decrease as a result of currency fluctuations.

Investing in foreign denominated and/or domiciled securities involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

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