

International Voting Principles

TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
1.0 Formalities.....	4
2.0 Reporting.....	4
2.1 Approve the Financial Statements.....	4
2.2. Approve the Annual Report	4
3.0 Dividend.....	5
4.0 Grant discharge to the Board Members (or the Auditors).....	5
5.0 Audit.....	5
5.1 Appoint the Auditor.....	5
5.2 Approve fees paid to the auditors	6
6.0 Board & committee elections.....	6
6.1 Determine the number of directors	7
6.2 Independence	7
6.3 Biographical disclosure.....	7
6.4 Time commitments.....	7
6.5 Chairman	7
6.6 Controlling shareholders	8
7.0 Committee Elections.....	8
7.1 Election of the Audit Committee.....	9
7.2 Election of the Remuneration Committee.....	9
8.0 Director and Executive Pay.....	9
8.1 Remuneration of the board of directors	9
8.2 Remuneration Reports and Executive Remuneration Policy.....	9
8.3 Long term incentive plans	10
8.4 All employee share plans	11
9.0 Share capital.....	11
9.1 Share issue	11
9.2 Share Repurchase	12
10.0 Related-Party Transactions	12
11.0 Corporate Transactions	12
12.0 Charitable donations	13
13.0 Amendments to the Articles of Association.....	13
14.0 Proposals to transact other business	13
15.0 Disclosure	14
16.0 Cross Listing.....	14
APPENDIX 1.....	15
Independence criteria.....	15

Introduction

International Markets Principles are based upon the principles which have guided voting on shareholder meetings of companies outside of the UK. These principles are applied to the companies held within various portfolios. We seek to continually update and improve our policies and this document represents the latest expression of our independent judgement of good corporate practice.

Comments and feedback from companies and other interested parties on the issues raised herein are welcomed.

1.0 Formalities

A number of resolutions at an Annual General Meeting (AGM) meeting may not be regulatory requirements, but mere formalities. Additionally, some legally required proposals can be considered to be routine and support will be recommended for such proposals.

The following resolutions, among others, may appear on the agenda:

- Approval of the Minutes
- Appoint Shareholders to Sign the Minutes
- Authorise Signing the Minutes
- Approve authorisations to carry out proceedings and filings necessary to obtain relevant registrations
- Opening and closing of the meeting.

2.0 Reporting

2.1 Approve the Financial Statements

Approval of the financial statements is a standard agenda item in almost all markets, though specific proposals and the way in which they are bundled vary. In general, the vote will be based on whether or not sufficient and timely disclosure has been made to shareholders, as well as auditing concerns, such as qualified auditor's statement.

2.2. Approve the Annual Report

When shareholders are asked to approve the annual report, serious corporate governance concerns at the company as well as any concerns over the financial statements included in the report will be looked at including, among other things, the evidence of serious corporate governance concerns at the company or where reporting on financial or non-financial issues is deemed inadequate.

Companies are social as well as economic organisations. Though specific requirements vary across markets, reporting on social and environmental performance is encouraged by corporate governance good practice in general, including the OECD Principles of Good Corporate Governance. Some element of environmental and social risk is inherent in the activities of all listed companies regardless of size or sector and this should be taken into consideration, where relevant in all markets.

It is considered that companies should go beyond regulatory compliance in this area and report on the nature and extent of its social, ethical, health, safety, employee and environmental management policies.

3.0 Dividend

Distribution policy is fundamental both to the income requirements of investors and to a company's investment and financial planning. Shareholders should have an annual opportunity to approve any dividends paid or proposed relating to the year under review, whether or not there is a legal requirement to do so.

The vote by shareholders on the dividend or distribution of results, on unqualified accounts, reaffirms the necessity of reliably audited accounts for financial governance to function properly. Shareholders require protection against distributions that come out of capital, or where distributions are made whilst insolvent, or not demonstrably a going concern. That gives a rigorous test to the external auditors in terms of ensuring the accuracy of the numbers, but also the internal financial control situation, and the true going concern position.

Companies and directors may be challenged by finding an accurate balance between dividends and other distributions when considering both short-term and long-term duties of directors, especially in presence of a controlling shareholder, which is common to many international markets.

4.0 Grant discharge to the Board Members (or the Auditors)

The discharge of the board of directors and the auditors from liability for all decisions made during the previous year is proposed in many markets.

Sufficient disclosure to shareholders is regarded as crucial in considering a discharge vote. In case of insufficient information presented to shareholders, it may not be possible to evaluate whether or not there are governance concerns at the company during the year under review.

In the case of discharge for both auditors and directors, companies adhering to best practice would submit separate resolutions for shareholder approval. Where the discharge of the auditors and the directors is bundled, concerns with either the auditors or the board should be analysed.

5.0 Audit

5.1 Appoint the Auditor

In some international markets, incomplete disclosure of audit fees, non-audit fees or the breakdown of total fees may prevent adequate analysis.

For investors, the key principle is that the audit should be perceived to be a wholly independent process. This depends on independence being beyond reasonable and informed challenge, as opposed to being simply an arguable case. The independence of the auditor is of paramount importance to

shareowners, both in respect of individual companies and in terms of audit's public policy function of ensuring confidence in financial reporting. Although the auditing profession has long had ethical guidance on objectivity, this has not been sufficient to prevent significant public and regulatory concerns. Companies should pursue avoidance of a material professional link between an existing director or an executive of the company with the proposed audit firm, as well as auditor rotation, in order to strive for auditor independence.

It is also considered that audit firms should not be employed to provide consultancy services to the management at the same time as undertaking an independent audit on behalf of the shareowners. In principle, non-audit work should be taken by other professionals than the audit firm.

Although there may be no legal or regulatory requirement for overseas companies to disclose details of fees paid to auditors, the same standards will be applied to all companies regardless of where they are incorporated.

5.2 Approve fees paid to the auditors

In some international markets, shareowners may be asked to approve the auditors' fees directly or to authorize the directors to determine the auditors' fees. It is accepted that it is appropriate for the directors to do this. Concerns in this case include the level of non-audit fees (as a % of audit fees) paid during the year under review, in case the audit firm were not put up for re-appointment.

It is also common for such authorities to determine the fees to be included with the resolution to appoint or re-appoint the auditors. While this is technically a bundled resolution, it is not regarded as a material voting issue so long as there are no concerns over the appointment of auditors or the disclosure of fees for non-audit work.

6.0 Board & committee elections

The composition and effectiveness of the board is a crucial element in determining long-term corporate performance, which is the ultimate objective of corporate governance. Where clear leadership failures have impacted upon company performance and corresponding shareowner value, shareowners should seek to identify where responsibility lies and vote accordingly.

Although a unitary board structure exists in most international markets, it is considered that two-tier boards, with separate executive and monitoring functions, have the potential means of overcoming some of the tensions with the unitary board. Two-tier boards should also reflect the broad principles of accountability, transparency and integrity.

Where one and two-tier boards are common in international markets, director elections will be evaluated as appropriate for the company's governance structure.

6.1 Determine the number of directors

The size of the board should be sufficient to meet the needs of the business within the local market context which may include independent supervision as well as expert advice.

6.2 Independence

When assessing candidates to the board of directors, the independence of the candidates with respect to the independence of the board of directors is evaluated, as resulting from the election. This assessment is therefore not a comment on an individual's integrity but is based on the commercial, personal or professional links between a director and the company which may affect the exercise of independent judgment. It is believed that independence criteria for directors in international markets extend beyond those stipulated by the law. Namely, it is believed that at least 50% of the board ought to be independent to ensure sufficient oversight of executive decision-making.

There are various international markets where it is common practice for companies to put forward a bundled proposal for the election of board members. In principle, individual proposals of candidates to the board are believed to be best practice but the independence assessment will be applied also where bundled elections were proposed.

6.3 Biographical disclosure

Companies are expected to provide full biographical details for board candidates each time they face election including experience, career history, and past and present external positions. However, it is not uncommon in many international markets to maintain old or inaccurate information. Accuracy of biographical and professional information affects the ability of shareholders to perform an informed vote and as such will be taken into account when advising on a candidate.

6.4 Time commitments

Shareholders have the right to expect directors to devote sufficient time to their board duties. Time commitments can become a problem if the competing demands of multiple roles become impossible to reconcile. A director's time commitments would be assessed on an individual basis, considering a directors' ability to devote sufficient time to their duties on a board.

6.5 Chairman

The Chairman's role is critical to governance of the board, for example appropriate use of agenda setting powers. It is also appropriate that shareholders expect the Chairman to be the public face of a listed company.

Where a company has a controlling shareholder, it is important that the Chairman is independent of this body. The Chairman's ability to ensure the board acts in the interests of all stakeholders in the company including

minority interests should not be conflicted by a relationship with the controlling shareholder.

A chairman who is not independent is likely to have difficulty in effectively fulfilling at least some of the chairman's roles. If a company considers that an individual is the most appropriate candidate despite not meeting independence criteria, shareholders should expect a strong independent element on the board to provide them with a fair and balanced assessment of the chairman's performance.

The roles of chairman and chief executive should be separated. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. In the same vein, where the chairman is described as an executive, or an executive role is otherwise indicated, evidence will be required to rebut the presumption that the roles of chairman and chief executive have been combined. In these circumstances, boards should explain how their structure and division of responsibilities operate to avoid excessive concentration of power.

When a board is considering succession to the role of Chairman, it is important that due consideration is given to the difficulties which potentially arise if a former CEO of the company is appointed to the role. A former CEO is unlikely to have sufficient detachment to objectively assess executive management and strategy.

In some international markets, also in coincidence with controlling shareholders, executive chairmen are common features on boards of directors.

6.6 Controlling shareholders

A controlling shareholder, defined as one that holds more than 30% of the voting rights, is not uncommon in international markets. Listed companies with controlling or majority shareholders pose different risks to shareholders than those faced elsewhere. Particular corporate governance safeguards are required for shareholders in these companies, as a controlling shareholder may be able to appoint directors to the board.

Voting turnout at general meetings is never 100%. Low voting turnout increases the potential for a controlling shareholder to limit a board's discretion with regard to important corporate actions such as capital increase. This potential for effective control is increased where a shareholder agreement allows for board representation which is disproportionate to a shareholder's economic interest.

7.0 Committee Elections

Shareholders may be given the opportunity to elect the members of internal or external board committees. The following vote principles refer to the election to the committee when separately proposed, not the election to the board of directors, if applicable.

7.1 Election of the Audit Committee

It is believed that the audit committee should be responsible for exercising independent oversight of board members, supervising the work of the board and ensuring that adequate internal controls and checks are in place to protect shareholders' interests. Therefore, it is considered that all members of the committee should be independent non-executive directors, which may go beyond legal requirements and the recommendations of the respective corporate governance code in some international markets.

7.2 Election of the Remuneration Committee

In accordance with best practice, the remuneration committee should comprise exclusively independent non-executive directors. In some international markets, disclosure may prevent full evaluation of remuneration at the company as necessary to apply this guideline.

8.0 Director and Executive Pay

8.1 Remuneration of the board of directors

Companies should disclose information relating to directors' remuneration policy and other remuneration related matters. In addition, they should evidence a formal and transparent procedure for setting policy and for fixing the remuneration packages for all directors. They should avoid paying more than is necessary for the purpose of attracting and retaining directors.

8.2 Remuneration Reports and Executive Remuneration Policy

Across different remuneration practices among international markets, the common denominator is considered to be the quality and depth of disclosure, the balance of performance and potential rewards and the extent to which directors' service contract policy avoids reward for failure in design and in practice.

Executive remuneration should be established through a formal and transparent procedure and full disclosure should be made of remuneration policy, including specific targets and performance criteria used for variable remuneration. Shareholders should be informed of all elements of each director's remuneration paid during the year, pension conditions and contributions, and service contract conditions. Executive remuneration should not include golden handshakes, golden parachutes, transaction bonuses, or other discretionary awards.

Remuneration committees are encouraged in order to evaluate whether their pay practices truly link reward with acceptable performance. Base salaries should be set taking into consideration comparative remuneration both within and in peer group companies. Variable remuneration should link pay with

performance through the use of sufficiently challenging performance criteria and vesting periods.

Though common, stock options that are not attached to additional performance conditions are not considered adequate to relate executive pay with performance.

Nevertheless, share-based awards which are attached to certain performance conditions may achieve this linkage, if the conditions are sufficiently challenging. In principle, targets should be quantified, show a mix of financial and non-financial indicators, extend over the long term (as defined below) and be defined and made available to shareholders well in advance.

Remuneration schemes that pay out for performance measured over the short-term do not align the interests of shareowners and executives. For example, fluctuations in share price due to the volatility of the market may result in unearned pay-outs where targets are not properly linked to the company's fundamental long-term performance. It is considered five years to be best practice for the performance periods of long-term incentives with three years being an acceptable minimum. The use of holding periods beyond the point at which an award is exercised is also encouraged.

Further alignment of the interests of executives and shareholders should be achieved through the requirement of executives to acquire a pre-determined level of shares in the company through purchasing equity. Using free stock awards to fulfil a shareholding requirement undermines the alignment of interests between executives and shareholders.

8.3 Long term incentive plans

Shareholder authorisation may be required for executive incentive schemes or the award of performance shares to executives. When authority is requested for the issue of shares or performance rights to individual executives under existing plans, the proposal will be evaluated on the basis of the suitability of the conditions of the share plan under which they are awarded. Share schemes will be evaluated based on a number of factors, including: maximum awards, performance conditions (at both individual and group level) and level of dilution.

Shareholder authorisation may be required for executive incentive schemes or the award of performance shares to executives. When authority is requested for the issue of shares or performance rights to individual executives under existing plans, the proposal will be evaluated on the basis of the suitability of the conditions of the share plan under which they are awarded. Share schemes will be evaluated based on a number of factors, including: maximum awards, performance conditions (at both individual and group level) and level of dilution.

The adequacy of the use of Long Term Incentive Plans (hereafter, LTIPs) in providing pay equitably linked to performance is currently under debate.

In past years, LTIPs have shown elements of weakness with respect to the long term interests of shareholders, such as talent retention (outstanding unassigned or unexercised awards may still be bought out by other employers when the executive leaves) and incentivisation (participants may find it difficult to relate their daily activities to achievement of multiple complex targets; on the

other hand, it may be difficult to calculate an individual's contribution to the corporate performance against which pay out is most often measured). In addition, LTIPs have often been measured against short term criteria (such as share price, which can be influenced by short term factors) and with a three year vesting period (whereas long term should be considered as at least five years).

However, legislation in international markets has become more stringent and it is considered that this could bring positive consequences in the medium term, such as greater involvement of minority shareholders (as with the Hong Kong's new Companies Ordinance of March 2014) as well as more regulated approach to remuneration (in Europe with the CRD IV directive and the European Commission's proposal for its amendment as of July 2014). LTIPs could then be part of a more strict remuneration policy and as such, at least part of their weaknesses may be improved.

Request may also be made to approve the issue of shares or performance rights to specific executives under share plans. This kind of authority is requested in Australia and Papua New Guinea.

In general, LTIP's are not likely to be supported on the grounds that they fail to provide any true incentive to recipients and are not truly long-term in nature.

8.4 All employee share plans

Incentive schemes for all employees vary considerably across markets. Frequently, they are the result of country specific legislation. In principle, schemes which enable all employees to share in business success are considered to be acceptable, unless the dilutive effects of the plan are too disadvantageous to the shareholders.

9.0 Share capital

9.1 Share issue

The requirement for shareholder approval of authority to issue new shares is considered to be an important shareholder protection. Such authorities should be limited in time and the proxy materials should set out the directors' purpose in seeking the authority and the intended use of the shares.

When determining the acceptable level of new share issuance, specific legal limits, self-regulatory limits or investor consensus on market practice will be taken under consideration. However, where there are no such limits on the maximum number of shares which a company can issue with or without pre-emption rights, each resolution is considered on a case-by-case basis. The issuance of new shares is deemed acceptable when dilution of existing shareholdings is not significant and disclosure concerning pricing and potential discounts is sufficient to allow evaluation of the transaction, or in order to allow for extraordinary circumstances that companies may face.

9.2 Share Repurchase

The authority to repurchase shares is one of the tools which shareowners provide to a company's management in order that they can make prudent adjustments to capital when required.

If a company's shares are significantly undervalued, the board may choose to put excess cash to good use by buying back and then cancel shares. That can benefit shareholders by reducing the number of shares outstanding and increasing the value of the remaining shares. However, a repurchase program can be used to offset the earnings per share dilution caused by issuance of shares under incentive schemes.

Investors should be wary of a number of uses of this authority which may deviate from its use according to best practice. For example, share buybacks may manipulate scheme performance towards scheme targets by increasing share price, if this were a criterion. Shareowners should also be keen to ensure that shares are being repurchased at good prices and that the volume of shares repurchased and the frequency of the transactions are justifiable.

In addition, cases where the company has a significant shareholder, buybacks may change the share capital with potential effects on the interests of minority shareholders. For example, a proposed share repurchase could result in the majority shareholder attaining an important governance threshold.

10.0 Related-Party Transactions

It is considered that related party transactions should be assessed on a case by case basis, taking into account the points listed above, monitoring transparency in disclosing full information to shareholders and independent oversight of the transaction.

In companies where management and owners coincide in particular, related party transactions can be an important source of value erosion for minorities. Nevertheless, a related party should not automatically be considered an inferior counter party for a transaction just because it is related. The benefits of related party transactions can include trust due to membership in the same group, especially in countries where contract law is harder to enforce. Related party transactions may also be part of the strategy of the business or make sense on a commercial basis.

11.0 Corporate Transactions

Across most international markets, many specific corporate activities such as takeovers, mergers, disposals, and capital re-organisations are required to be authorised by shareowners, usually at EGMs. These often have significant implications for shareowners and directors. Shareowners need to be assured these recommendations by management and their corporate finance advisors have been subject to constructive challenge by disinterested directors.

An analysis of the corporate governance implications of corporate transactions would include:

- The information and justification for such transactions provided by the board;
- An assessment of the impact of such transactions on the interests of its employees;

- Potential impacts on business relationships with suppliers, customers and others;
- Whether standards of business conduct will be maintained during and following the transaction;
- Equitable treatment of existing shareowners;
- The board structure; and
- Market reaction to the proposal.

If the market for corporate control is to operate efficiently, shareowners need to be able to make informed decisions on the merits of differing strategies. While an oppose vote remains the strongest measure for expressing concerns open to institutional shareowners, the importance of pre-deal diligent questioning and active engagement are evident in our view and our enhanced analysis is also being designed to inform clients with respect to these kinds of engagements as well as providing specific voting advice.

12.0 Charitable donations

Listed companies are encouraged to be good corporate citizens and use company resources to meet community needs. It is considered to be best practice for companies to disclose global charitable donations and other forms of giving. The latter can have a much wider scope than purely financial giving; for example, including donations in kind and employee volunteering. Requests for these authorities are often made in Pakistan and India.

Authorizations to make charitable donations in international markets would however require scrutiny to verify an absence of conflict of interest related to the donations, such as a director being a director/trustee or any relation to the recipients of the donations.

13.0 Amendments to the Articles of Association

Amendments and the introduction of new articles ought to be assessed with particular care. Companies should provide a full explanation of any proposed amendment to existing articles and make the full text of the changes available.

It is considered to be best practice to put forward separate resolutions regarding unrelated article changes (such as meeting procedures, changes to rights attached to shares, changes to borrowing powers, increases in limits on directors' fees etc.) rather than bundle all changes in one resolution.

It is considered that the adoptions or amendments of Articles of Association should be evaluated on a case-by-case basis against their potential effect against minority shareholders rights.

14.0 Proposals to transact other business

Agendas in many international markets include standard proposals to transact any other business. It is considered that such proposals may allow the management to potentially add items to be discussed during shareholders' meetings, without disclosing in due time the content of the discussion, nor the item to be voted.

15.0 Disclosure

In many international markets, sufficient information from the company is unavailable, and this hinders the opportunity to make an informed voting decision. This may occur despite attempts to secure this information from the company and/or its representatives. Reportable companies are hereby defined as those which provide adequate and timely disclosure of materials which explain the meeting agenda.

Lack of disclosure is a particular concern in Korea, Turkey, Egypt, Peru and Mexico, among others. On the other hands, progresses in disclosure have been made in the past couple of years in a number of markets, as the Russian Federation.

16.0 Cross Listing

Shareholder voting principles are be designed based on the market in which the company is incorporated.

However, there are cases in which it may be more relevant to apply the present Principles for the market in which the company is cross-listed than those of the market in which the company is based. For instance, this would be the case of foreign registered companies with a listing in a major financial centre. It is believed that they should conform to this latter's standards of disclosure and governance. These should allow investors sufficient information to judge risk effectively and reassure them that systems are in place to manage these risks of a similar standard to companies based in these markets. The benefits of access to capital provided by cross listing bring with them an obligation to meet listing market standards.

However, the listing market's guidelines may not be fully applicable in all cases. Cross-listing should be evaluated on a case-by-case basis and, when appropriate, the relevant shareholder voting principles would be applied. This affects primarily international companies cross-listed in the UK, the US and Hong Kong: for instance, companies based in the United Arab Emirates and Gibraltar listed in the UK, or companies based in Macau or in the Cayman islands listed in Hong Kong.

Independence criteria

Directors will not normally be assessed as independent if the directors:

- Have been an employee of the company or group;
- Has had an association with the company of more than 9 years;
- Are related through blood, marriage or equivalent to other directors or advisers to the company;
- Have been nominated through an inappropriately constituted nomination committee or through a process lacking independence from management influence;
- Have not been nominated to the board by a shareowner or a group of shareowners with whom the director has a prior connection;
- Are or have been recently employed by a professional adviser to the company or on the board of such organisation;
- Have the status of an employee, receive consultancy payments or are eligible for pension benefits;
- Are in receipt of a loan from the company;
- Receive compensation from a third party in relation to their directorship;
- Benefit from material related party transactions;
- Have directorships through which reciprocal patronage may be exercised or significant links with other directors via involvement in other companies or bodies;
- Currently hold or recently have held or have close ties with someone who holds a senior position with a political or charitable body to which the company makes contributions either in cash, in kind or through sponsorship etc;
- Hold a significant holding (1% or more of the company's issued share capital) in the company themselves and/or serve as a director or employee of another entity which has a notifiable holding in the company;
- Serve as a director or employee of a company in which the company analysed has a notifiable holding, thereby facing potentially conflicting fiduciary duties.
- Have a material commercial relationship with the company, for example as an employee of a supplier or a customer of the company (where the relationship has represented more than USD 1 million or 2% of the company's earnings);
- Have a prior material relationship with a stakeholder group other than the shareowners as a whole;
- Serve as a director or employee of a significant competitor of the company;
- Have recently held, continue to hold or have recently had close ties with someone who holds a position of responsibility with a body responsible for regulating a significant part of the company's activities; and
- Have demonstrated a lack of independence of opinion and behaviour.