

Wells Fargo Asset Management

UK Stewardship Code Statement

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Wells Fargo Asset Management ('WFAM') has built its philosophy, policies, and processes around delivering on client and community expectations in a responsible and sustainable way. As active owners in the companies in which we invest, we regard stewardship as integral to our investment process. It enables us to have a voice and exercise ownership rights to improve disclosures and transparency and affect corporate activities, policies, and behaviors that impact attractive, long-term, risk-adjusted returns for our clients.

WFAM is a trade name used by the asset management businesses of Wells Fargo & Company. It includes but is not limited to; Wells Fargo Asset Management (International), Ltd*.; Wells Fargo Asset Management (International), LLC¹; Galliard Capital Management, Inc.; Wells Capital Management Inc.; Wells Fargo Asset Management Luxembourg S.A.; Wells Fargo Funds Distributor, LLC; and Wells Fargo Funds Management, LLC.

The UK Stewardship Code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. The following responses to the principles contained within the 2012 UK Stewardship code demonstrate our commitment to effective stewardship of our investors' capital. Subject to local requirements, WFAM applies these principles at the firm level, where possible, and to all asset classes when deemed appropriate and achievable.

WFAM recognizes that the Financial Reporting Council ('FRC') is currently undertaking a consultation exercise to seek input on proposed revisions to the UK Stewardship Code and once the revised code is effective, we will align our reporting framework accordingly.

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

WFAM's Stewardship Statement is:

As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. To us, good stewardship reflects responsible, active ownership and includes both engaging with investee companies and voting proxies in a manner that we believe will maximize the long-term value of our investments.

At WFAM, our motivation for engagement results from a strong desire to deepen our knowledge of investee companies in which we allocate capital, or where appropriate, to take action to protect invested capital. WFAM recognizes that there are many influences on the value of equity and fixed income instruments and we attempt to identify and monitor those issues that have the most material impact. Common issues that warrant engagement include firm strategy, board and risk management oversight,

¹ Authorised and regulated by the UK Financial Conduct Authority.

corporate culture, remuneration, capital budgeting and allocation, sustainability, environmental concerns, and governance.

The WFAM Stewardship Platform aggregates the views of our fundamental equity and fixed income investment teams, the WFAM Investment Analytics team, and our dedicated Stewardship team. This collaborative review allows us to more broadly understand the challenges facing our investee companies and to identify areas where engagement is likely to have meaningful impact. Based upon a prioritization process (as described in Principle 3), WFAM may communicate our views to company management and use the dialogue to further inform our understanding of the situation. If we believe an issue is not being addressed appropriately, we will review specific circumstances to determine if escalation is warranted. We are most likely to engage if we believe that doing so will result in protecting the value of capital we have invested on behalf of our clients. Engagement activity is also driven by our firm wide commitment to advancing ESG issues while also seeking improved performance on those issues by companies in which we invest. Investee engagement also provides incremental insights that our fundamental investment teams can incorporate into their analysis of company risk and opportunities to further align risk-adjusted performance to client expectations.

Our fundamental portfolio management teams across global equity and global fixed income asset classes have had a longstanding focus on good corporate governance and engage with companies on a variety of matters including business strategy, risk, and material ESG issues. As part of their fundamental due diligence process, the teams meet often with senior management of investee companies and other stakeholders. Our fundamental research analysts have decades of experience and in-depth knowledge of macro economic drivers, financial markets, industry trends, and operations/management of investee companies. Our engagements benefit from our deep, long-standing relationships between investment management teams and their investee companies.

To complement the fundamental investment teams' bottom-up engagement activities, in 2018 with the formation of the dedicated WFAM ESG team, we made it a priority to build out a firm-wide Stewardship Platform. The work was conducted in two workstreams: Proxy and Engagement, and the new WFAM Proxy Voting Policy and Procedures was implemented 1/1/19. Progress on engagement has continued into 2019 and we expect to have a new Engagement Policy and Procedures in place by 1 May 2019. Both of these are (and will be) available on our public website (www.wellsfargoassetmanagement.com).

[Proxy Voting Policies and Procedures](#)

[Engagement Policy and Procedures](#)

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

We always seek to place the interests of our clients first and to identify and manage any conflicts of interest, including those that arise from proxy voting or engagement. Wells Fargo Asset Management acts as a fiduciary with respect to its asset management activities and therefore we must act in the best interest of our clients and address conflicts that arise.

WFAM is bound by Wells Fargo's visions and values and has adopted a Code of Ethics Policy, which is supplementary and complements the 'Wells Fargo & Company Code of Ethics and Business Conduct'. The Policy applies to all WFAM employees and requires WFAM to implement appropriate processes and

procedures to avoid, mitigate or appropriately resolve conflicts of interest. It is pursuant to Rule 204A-1 under the Advisers Act in the U.S. and Markets in Financial Instruments Directive in Europe and is designed to ensure that we meet our fiduciary obligations. The Policy governs employee personal trading activities and provides guidance with respect to potential conflicts of interest, insider trading, and the use of material non-public information. Additional detail for each of WFAM's SEC registered advisors can be found in their SEC Form ADV Part 2A filing.

Our policies and procedures for managing conflicts of interest in relation to corporate governance issues are fully contained in the WFAM Proxy Voting Policy. WFAM may have a conflict of interest regarding a proxy to be voted upon if, for example, WFAM or its affiliates (such as a subadvisor or principal underwriter) have other relationships with the issuer of the proxy. Conflicts of interest are identified and managed through a strict and objective application of our voting policy and procedures. However, when the WFAM Proxy Committee becomes aware of a conflict of interest (as defined in the WFAM Proxy Voting Policy), it takes additional steps to mitigate the conflict, such as: instructing our proxy administrator and advisor, Institutional Share Services Inc. (ISS) to vote in accordance with its recommendation to its clients, engaging an independent fiduciary who will direct the vote, or consulting with Legal and Compliance and/or external counsel for guidance on resolving the conflict of interest.

Principle 3

Institutional investors should monitor their investee companies.

As a large active investment manager with a commitment to deep fundamental research, we have extensive processes for monitoring investee companies: as part of our investment teams' fundamental research processes, through our independent portfolio risk management team, and through our engagement platform by the Stewardship team.

Fundamental Investment teams

The investment approaches applied by WFAM portfolio management teams are based upon rigorous, independent fundamental research. Maintaining in-depth knowledge of our investee companies and engaging directly with company management on a range of issues has always been a core part of each of our teams' investment processes. The majority of our company engagement is the result of direct contact with company management, both in our offices and on-site, including contacts with company suppliers, customers, competitors (where appropriate) and regulators. The quality and effectiveness of management is a key factor in making an investment decision, and spending time with the management of a company enables our investment teams to evaluate these characteristics.

Our investment teams' rigorous fundamental bottom-up research processes include an in-depth analysis of the industry within which the company operates, the company's competitive positioning, and an assessment of the factors that are current points of contention in the marketplace. This analysis typically includes meeting with company management teams to gain access and engage in conversations analyzing the company's financial statements including the balance sheet, cash flow statement and income statement to test and confirm the fundamental assessment.

Senior Investment Leadership and Investment Analytics

We have elevated ESG risk oversight to be an important role of senior investment leadership and ESG risk review is a component of our longstanding risk review meetings. On a regular basis, significant product specific benchmark-relative ESG exposures as well as the firm's most significant exposures to securities with

poor overall ESG scores are reviewed with the Office of the CIO². This ESG review process is also conducted on a monthly basis with each of our investment teams on their strategies, which leads to a constructive dialogue on the ESG exposures, risks, and dynamics of ESG issues over time.

Using third party ESG data, the Investment Analytics team supplements the independent investment teams' fundamental research with a number of ex-ante and ex-post tools and reports based on a proprietary flagging system that highlights the most significant ESG risks at both the security and portfolio levels. Additionally, an ESG alert system is in place to notify investment teams of developing ESG-related issues that may have a large impact on specific companies or industries.

The ESG resources provided by Investment Analytics are intended to act as a catalyst to drive additional research and/or company engagement. As such, the responsibility for ESG integration and monitoring is a partnership between the Investment Analytics team, each of our independent investment teams, and the dedicated ESG team.

Stewardship team

Our Stewardship team also monitors our holdings to identify companies where material ESG issues may arise and to engage with companies where we have substantial holdings, where WFAM owns a significant portion of the company (relative to its market-cap and bond-issuances), and/or where the holding is significant to a specific investment strategy or team.

Our engagement framework is designed to balance sector specific focus, multi-sector (thematic) review, along with company specific opportunities:

1. Sector specific engagements - Engage with multiple companies within a sector on material issues as defined by the Sustainable Accounting Standards Board (SASB). WFAM typically identifies three to four sectors with material issues each year in an effort to address particular challenges and promote standards to improve material sustainability metrics.
2. Multi-sector engagements - Engage with companies across sectors on thematic issues that are material and where the companies are laggards. Our current thematic issues center on climate change, pollution and waste, data privacy and security, diversity, and corporate governance. WFAM applies the SASB materiality lens and then focuses on companies where we have significant firm-wide exposure. In an effort to avoid a size bias, we are mindful to partner with investment teams focused on down market capitalization securities along with lower credit quality focused fixed income strategies.
3. Company-specific engagements - Engage with companies where controversies arise involving incidents of malfeasance or that are current social debates (e.g. gun control).

WFAM has created a proprietary model that identifies companies within our engagement framework where material issues exist and allows us to then partner with fundamental investment teams to initiate engagement conversations. Engagements can include meetings and dialogue with companies, executives, board members, advisors and other shareholders as appropriate with an aim to build trust and develop the mutual understanding that supports continued effective dialogue. The following principles serve as guideposts for our 'mosaic' of evaluation:

² The Office of the Chief Investment Officer provides oversight for all investment activities at WFAM, including risk management oversight. It is comprised of senior investment leadership. The function of the Office of the CIO is to oversee risk mitigation actions and to provide credible challenges to portfolio management teams to ensure portfolio positions are well understood and consistent with the investment team's stated process.

- Aim to be constructive, patient, and persistent
- Set defined agenda with anticipated outcome
- Provide expectations and timelines for subsequent meetings
- Track and assess investee company feedback to determine follow-up engagement needed

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

As long term active investors, WFAM takes a pragmatic and patient approach to our engagement framework in an effort to build mutual understanding that can drive effective results with issuers in which we invest. Through collaborative interaction with our portfolio management teams, who have deep knowledge and relationships with investee management, our Stewardship team assesses each engagement opportunity on its individual merit. Decisions to escalate may be informed by multiple constituents including analysts, portfolio managers, WFAM senior leadership, and members of the Stewardship team. As the governance body for the Stewardship Platform, the WFAM Stewardship Governance Committee would deal with situations that require escalation.

Should we conclude that an investee has material deficiencies, our initial course of action would be to communicate our concerns to company management and our expectations for improvement. Ultimately, our progress on stewardship efforts will impact our fundamental assessment of these companies and in turn our willingness to maintain or exit our investment positions.

Principle 5

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

We value participation in ESG and stewardship industry initiatives as a way to participate and contribute our expertise to evolve industry best practices and thought leadership. We have developed close partnerships with leading industry associations, disclosures and standards bodies, and non-profit organizations that are at the forefront of ESG and stewardship developments.

We are a signatory to the Principles for Responsible Investment³ (PRI), where we have committed to implementing the six Principles around the integration of ESG. Beyond the commitment to integrating ESG and publicly reporting on our progress, we are actively contributing to the work of the PRI as a whole to help investment professionals across the industry increase their sophistication to ESG. This has included our membership in the PRI Fixed Income Advisory Committee, as well as sponsoring two PRI events in San Francisco that brought together investment professionals to discuss and learn from the latest industry trends. We are seeking to become more active in PRI Collaborations.

We are members of the Ceres Investor group, a sustainability nonprofit organization working to advance sustainability across the global economy. Ceres connects institutional investors and provides opportunities to advance investment practices, corporate engagement strategies, and policy solutions. The collaborative

³ Wells Fargo Asset Management (WFAM) is a trade name used by the asset management businesses of Wells Fargo & Company. WFAM includes WellsCap and Galliard Capital Management, both registered investment advisers that are PRI signatories in their own right.

nature of this network allows members to engage on key ESG issues in an effort to improve industry practices and further global sustainability.

We are also closely involved with the Sustainability Accounting Standards Board (SASB), an organization dedicated to supporting the disclosure of material sustainability information across sectors in a decision-useful way. We are members of the Standards Board (accountable for the due process, outcomes, and ratification of the SASB standards themselves), a founding and current member of the Investor Advisory Group (comprised of leading asset owners and asset managers who are committed to improving the quality and comparability of sustainability-related disclosure to investors) and a member of the SASB Alliance (comprised of organizations and individuals that support the need to develop and explore best practices to integrate sustainability into existing processes). Furthermore, we have contributed the expertise of our investment professionals across the development of the standards themselves.

We are also members or signatories to:

- The Principles for Responsible Institutional Investors (Japan's Stewardship Code), a commitment to promote the value and sustainable growth of companies through active ownership and engagement activities
- CDP (formerly known as the Carbon Disclosure Project), an organization that runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts (signatory through Wells Fargo & Company)

Also, we are actively reviewing other country stewardship codes with an intention of expanding our commitment to become a signatory to the major stewardship code frameworks around the world.

Principle 6

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

Proxy voting is a key component of our Stewardship Platform and our firm has developed policies and procedures to ensure that proxies are voted in the best interests of clients. We reviewed and revised our WFAM Proxy Voting Policy and Procedures with an effective date of June 2019. A key objective of the review and resulting enhancements was to consider industry best practices in order to establish our Top of House Views, governance and committee structure and responsibilities, utilization of proxy advisors, and voting transparency. WFAM exercises its voting responsibility as a fiduciary with the goal of maximizing value to clients.

WFAM supports sound corporate governance practices, shareholder rights and transparency in investee companies. Our Top of House view reflects our beliefs that Board of Directors of investee companies should have strong, independent leadership and should adopt structures and practices that enhance their effectiveness. We believe it is the responsibility of the Board of Directors to create, enhance, and protect shareholder value. We recognize that optimal corporate governance structures can vary by company size, industry, region of operations, and circumstances specific to the company.

Our proxy process is supported by the WFAM Proxy Governance Committee. The WFAM Proxy Governance Committee is responsible for overseeing the proxy voting process to ensure its implementation in conformance with the WFAM Proxy Voting Policy and Procedure. Members of the WFAM Proxy Governance Committee also oversee the implementation of WFAM Proxy Governance Committee recommendations for the respective functional areas in WFAM that they represent. The WFAM Proxy Governance Committee may delegate certain powers and responsibilities to a proxy voting subcommittee.

Among other delegated matters, the Proxy Voting Subcommittee, in accordance with these policies and procedures, reviews and votes on routine proxy proposals that it considers under these policies and procedures in a timely manner. If necessary, the Proxy Voting Subcommittee escalates issues to the WFAM Proxy Governance Committee that are determined to be material by the Proxy Voting Subcommittee or otherwise in accordance with these policies and procedures. The Proxy Voting Subcommittee coordinates with WFAM Risk and Compliance to review the performance and independence of ISS in exercising its proxy voting responsibilities.

Other key features of our proxy process relate to integrating ESG issues into the proxy process and utilizing a set of importance ratings issued by our proxy advisor to filter issues into the WFAM Proxy Governance Committee for review, debate and decisioning. The importance ratings include the following topics: director contests, significant transactions (such as mergers, acquisitions, reorganizations, restructurings, spinoffs and sale/purchase of company assets), capitalization proposals, and antitakeover defenses.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

WFAM discloses its Stewardship Policy (including proxy voting policy and procedures and engagement policy) on our website. We work with clients to meet their individual reporting requirements for proxy and engagement activities, including proxy voting records for their accounts and rationale for votes or areas of engagement.

As part of the broader WFAM Stewardship Platform, we will publish a 2019 Stewardship Report, a report of stewardship related activities including proxy voting and company engagements on our website at www.wellsfargoassetmanagement.com. From 2020, the reporting cycle will be at least annually if not more frequent.