

## **Position Paper: Environmental, Social, and Governance Policy**

This position paper outlines Southeastern’s policy on environmental, social, and corporate governance (“ESG”) matters, within the context of our longstanding engaged, partnership approach. The paper also outlines related topics of conflicts of interest, advocacy for long-term investors, reporting, and proxy voting.

### **Southeastern Overview**

Southeastern Asset Management is an independent, global investment firm. Since 1975 we have invested in undervalued public companies using a proven partnership approach that includes collaborative engagement with management teams. We make long-term investments in a concentrated number of strong businesses, managed by good people, trading at deeply discounted prices relative to intrinsic value.

We invest as long-term owners, not short-term traders. As business owners, we engage in collaborative, constructive relationships with our corporate management partners to support long-term value creation. We bring decades of investment experience with an extensive global network of investor and industry contacts, as well as significant, stable, aligned capital.

Our partnership approach extends to our clients through the Longleaf Partners Funds, where we are collectively the largest shareholders, subject to the same fees and results as our partners. This unique partnership between our employees, clients, and company managements, has been key to our long-term success in protecting capital from permanent loss and delivering strong absolute returns.

### **Environmental, Social, and Governance Matters**

The efficient allocation of capital contributes to the wellbeing of society and is a vital responsibility that Southeastern undertakes in our partnership with clients. Southeastern recognizes the overall benefit to society when its portfolio companies act in a responsible manner. Being good corporate stewards is also simply good business. Therefore, as a general policy, Southeastern will be supportive of proposals that, in our opinion, further responsible practices. These factors are assessed by the research team as part of their bottom-up due diligence on every company. However, such areas can be highly subjective and can, at times, be in conflict with what we consider to be in the long-term best interests of the shareholders. Therefore, Southeastern will give due regard to such proposals and will consider these matters on a case-by-case basis through our bottom-up research approach.

Environmental and social issues are often important factors in our assessment of the long-term sustainability of a company’s business model and are therefore key considerations in our “Strong Business” criteria. Engaging with management teams to assess whether they meet our “Good People” criteria and to ensure best-in-class corporate governance is core to our investment philosophy. Our distinct engaged, partnership approach is described below.



We welcome an ongoing conversation with our client-partners on any matters concerning our holdings. If individual clients have specific ESG concerns, they can exclude selected stocks from their portfolio.

## **Our Engaged, Partnership Approach**

We believe business owners have a responsibility to engage with corporate partners to ensure long-term value creation for shareholders. In the 1973 edition of The Intelligent Investor, Ben Graham admonished investors for not holding corporate management accountable as he wrote, “Ever since 1934 we have argued in our writings for a more intelligent and energetic attitude by stockholders towards their managements.”

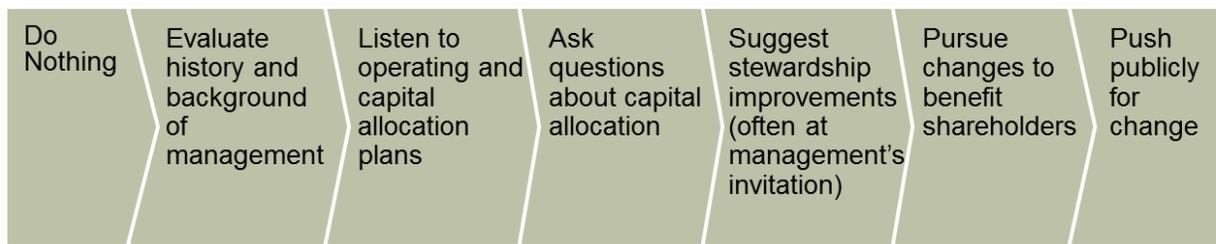
Given our significant personal stake in our Funds and our concentrated portfolios, Southeastern invests as an engaged owner of a business, not a trader of a security. We often are among a company’s largest shareholders and are interested in the long-term success of the business.

As an engaged owner, Southeastern seeks to partner with management. We build collaborative, constructive relationships based on sharing ideas with a common goal of building long-term value per share. Southeastern’s engaged ownership benefits our partners. Our 40 years of investment experience and deep industry and investor network yields access to ideas, intelligence and contacts that are helpful to managements as they evaluate and implement plans. Southeastern’s long-term approach and stable, aligned capital enables us to provide valuable support.

We prefer a behind-the-scenes, collaborative approach to engaging with our corporate partners over the publicly fought, confrontational “activist” strategies that have become increasingly popular. In cases where our private engagement is not yielding results, we occasionally voice our views publicly if we think our efforts can be successful in either improving a company’s ability to achieve long-term success, or defending shareholders against actions that materially damage value.

An important part of our investment discipline is to consistently challenge and update our investment case and appraisal for each business. If a company has consistently underperformed over 18 months, it generally comes up for review by an internal “devil’s advocate,” (DA) who will take a fresh, unbiased look at the business and management. As a result, the team may consider pursuing an escalation strategy to increase our engagement efforts along the spectrum illustrated below. In cases where we determine that management is not shareholder oriented and the work to change our corporate partners or their thinking will be unsuccessful, we will exit the investment.

*Levels of Our Engagement with Corporate Partners*



**Conflicts of Interest**

Our unique Code of Ethics requires all Southeastern personnel to use the funds managed by Southeastern as the sole medium for investing in publicly offered equity securities, thereby aligning our interests with our clients’ and minimizing potential conflicts. Deviations from this investment policy must be either under a delineated exception or approved by the Code Compliance Committee. As required by U.S. federal law, Southeastern’s Code of Ethics prohibits our personnel from trading in a company’s securities or derivatives thereof, whether on behalf of clients or themselves, while in possession of material, non-public information about the company and from communicating that information to others.

*Please see appendices: I. Code of Ethics and II. Conflicts of Interest Policies.*

**Advocacy for Long-Term Investors**

Our actions to preserve shareholder value extend beyond our specific investments. Southeastern has taken an active stance in advocating for fair and transparent capital market practices. Taking the long-term view to owning businesses requires that we access the capital markets to build equity positions. We believe capital markets exist to facilitate the transfer of capital between long-term investors and businesses. Securities and Exchange Commission (SEC) regulations are designed to promote fair, transparent, and accessible markets. Recent advances in technology, however, have enabled select short-term traders to gain structural advantages over other market participants. In April 2014, we wrote a paper detailing Southeastern’s perspective on market structure and high frequency trading. The paper also covers our engagement with the SEC, the U.S. Department of Treasury, and the CFTC-SEC Advisory Committee on Emerging Regulatory Issues. That paper is available on our website at <http://southeasternasset.com/sites/default/files/commentary/Market-Structure-042014-2.pdf>.

We continue to pursue ways to promote a fair market for all investors.

## Proxy Voting

As an investment adviser registered with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 (the “Advisers Act”), we must adopt and implement written policies and procedures that are reasonably designed to ensure that Southeastern votes client securities in the best interest of clients.

Upon request, we will provide any private account client with a copy of these proxy voting policies and procedures, as well as complete information on how we voted proxies of companies in the client’s portfolio. We also publicly file how we vote the U.S. mutual funds that we manage.

*Please see appendix: III. Proxy Voting Policy.*

**Before investing in any Longleaf Partners fund, you should carefully consider the Fund’s investment objectives, risks, charges, and expenses. For a current Prospectus and Summary Prospectus, which contain this and other important information, visit [longleafpartners.com](http://longleafpartners.com). Please read the Prospectus and Summary Prospectus carefully before investing.**

## RISKS

The Longleaf Partners Funds are subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Funds generally invest in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held by the Funds may be more volatile than those of larger companies. With respect to the Small-Cap Fund, smaller company stocks may be more volatile with less financial resources than those of larger companies. With respect to the International and Global Funds, investing in non-U.S. securities may entail risk due to non-U.S. economic and political developments, exposure to non-U.S. currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

Funds distributed by ALPS Distributors, Inc.

## Appendices

- I. Code of Ethics
- II. Conflicts of Interest Policies
- III. Proxy Voting Policy

**LONGLEAF PARTNERS FUNDS TRUST  
SOUTHEASTERN ASSET MANAGEMENT, INC.  
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(As Amended Through September 18, 2017)  
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**LONGLEAF PARTNERS FUNDS TRUST  
SOUTHEASTERN ASSET MANAGEMENT, INC.**

**SECURITIES TRADING POLICY AND PERSONAL CODE OF ETHICS  
(As Amended Through September 18, 2017)**

**INTRODUCTION**

**Commitment to Integrity and Professionalism**

Southeastern Asset Management, Inc. ("Southeastern") has made an ethical commitment to its clients to avoid conflicts of interest in securities being recommended for purchase or sale by its clients. The fundamental standard is the core belief that professional investment management personnel have a responsibility of professionalism and integrity which requires them to place clients' interests in securities transactions before their own, and which prevents them from taking inappropriate advantage of their positions to achieve personal gain.

**Regulatory Requirements**

This Policy and Code of Ethics (referred to herein as the "Code") is designed to assure the continuation of this ethical commitment and require compliance with applicable federal securities laws and industry standards:

1. Rule 17j-1 under the Investment Company Act of 1940, as amended effective October 29, 1999, and again on March 6, 2000, which requires a written Code by mutual funds to regulate personal trading in securities which may be acquired by the mutual fund.
2. Rule 204-2(12) under the Investment Advisers Act, which requires that an investment adviser maintain records on the personal trading transactions of certain personnel.
3. Sec. 204A of the Investment Advisers Act of 1940, and Rule 204A-1 thereunder which mandates a written Code to reflect an adviser's fiduciary obligations and prevent unauthorized use by investment advisory personnel of material "inside" or non- public information in their trading on behalf of clients or themselves.
4. The Investment Company Institute's "Report of the Advisory Group on Personal Investing", dated May 9, 1994, and The Report by the Investment Company Institute to the Division of Investment Management of the U.S. Securities and Exchange Commission, dated April 21, 1995.
5. Rule 206(4)-5 under the Investment Advisers Act of 1940, relating to political contributions and payments to solicit state and local government entities.

**Requirement to Abide by Code of Ethics and Federal Securities Laws**

All "access persons" as defined herein shall abide by this Code of Ethics and all securities laws applicable to Southeastern's business.

## PART A - PERSONAL SECURITIES TRADING

### SECTION I PERSONNEL AND SECURITIES SUBJECT TO THE CODE

#### **RULE I(A). Personnel and Accounts Subject to Code.**

(1). **Southeastern Personnel.** All directors, officers and employees of Southeastern are classified as "access persons" as the result of knowledge about proposed and actual investments for the managed accounts and mutual funds. **This Code of Ethics applies to all Southeastern personnel.**

(2). **Relatives and Affiliated Accounts.** Securities owned by immediate family members residing in the same household or for whom Southeastern personnel provide significant financial support (such as spouse and children) and securities held by trusts for the benefit of such dependents are attributed to the particular Southeastern personnel. Any trading on behalf of such dependents or entities maintained for their benefit must be treated as though the securities were owned by the related Southeastern personnel. In addition, securities owned by any investment partnerships in which a Southeastern employee or a dependent actively participates in the investment decision process would be attributable. Furthermore, any charitable foundations established and funded by Southeastern personnel shall be deemed access persons to the extent of trading activity outside of Southeastern advised accounts. All rules on permissible investments, pre-clearance, execution of trades, and reporting apply to securities transactions for these persons and related entities.

(3). **Independent Trustees.** Section VI applies to the independent or outside Trustees of Longleaf Partners Funds Trust.

(4). **Exceptions.** As allowed by Advisers Act Rule 204A-1 and Investment Company Act Rule 17j-1, access persons need not report holdings and transactions in accounts over which the person has no direct or indirect influence or control.

#### **Rule I (B). Securities Subject to Code.**

(1). **Covered Securities.** A "security" is defined as any instrument which enables a purchaser to share passively in a profit making venture and includes all equity and debt instruments, as well as derivatives of any securities, such as options, puts and calls, and futures.

(2). **Exempt Securities.** Regulations of the Securities & Exchange Commission ("SEC") exempt certain securities from code of ethics requirements because their purchase or sale would not be in conflict with the market for client portfolio securities or because they are not subject to purchase by client accounts. Securities exempted by the SEC are:

- Direct obligations of the U.S. government
- High quality short-term debt instruments, including bankers acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements.
- Shares issued by money market funds.

- Shares issued by open-end Funds (other than Longleaf, which is subject to reporting and pre-clearance for certain sales).
- Commodities futures contracts which are not considered to be "securities" under SEC regulations.

**Note on Open End Funds.** Southeastern has adopted a special internal policy limiting all equity mutual fund investments made by Southeastern personnel after the initial effective date of this Code solely to investments in the Longleaf Partners mutual funds, Longleaf Partners UCITS funds, and money market mutual funds, unless approval to invest in other equity mutual funds is granted. See Rules II(A) and II(B) for details. Longleaf purchases and sales are subject to reporting and certain trading restrictions. See Rules II(C) and V(B).

## SECTION II SOUTHEASTERN'S POLICY ON PERSONAL EQUITY INVESTMENTS

### **Rule II(A). Personal Equity Investments Limited to Funds Advised by Southeastern.**

**All Southeastern personnel (including immediate family members), shall hereafter use the funds advised by Southeastern as the sole medium for future investing in publicly offered equity securities (and derivatives of such securities), and new employees (including immediate family members) shall be required to divest all other publicly offered equity securities upon joining Southeastern, unless**

- (i) the investment is excepted under Rule II(B), below, or**
- (ii) the Southeastern employee has received authorization for the particular investment from the Code Compliance Committee as provided in Rule IV(B).**

Discussion. The funds managed by Southeastern offer an attractive and appropriate equity investment medium through which its directors, officers, and employees can participate in the firm's investment research and recommendations without making direct purchases of publicly offered equity securities of the types usually recommended for client accounts or the mutual funds. A policy limiting investments in publicly offered equities to Southeastern's Funds and the other securities listed below mitigates conflicts of interest in personal securities trading. As a matter of company policy, requiring Southeastern personnel to refrain from investing in funds offered by competing fund sponsors expresses confidence in and loyalty to company managed products. New employees owning publicly offered equity securities upon joining Southeastern should divest within three months of their hire date, but this time may be lengthened or an exception provided at the discretion of the Compliance Officer upon a showing of extenuating circumstances.

**Automatic Dividend Reinvestment Plans.** Nothing in this Code of Ethics is intended to prevent any person covered by the Code from participating in or continuing to participate in an automatic reinvestment program under which dividends declared and paid by the issuer are reinvested in additional shares of the same issuer under a plan offered and administered by the issuer of any security owned in accordance with the provisions of this Code by any such covered person.

## **Rule II(B). Exceptions To Purchases of Fund Shares**

Until further notice, the Code Compliance Committee hereby exempts the following securities from the investment limitations of Rule II(A):

- 1. Any security classified by SEC regulation as an "exempt security" as set forth in Rule I(B)(2) (except registered investment companies other than the Longleaf Partners Funds), money market mutual funds, and bond funds. Transactions to hedge market exposure, including short futures or puts on an index, including a volatility index, are also allowed. Southeastern permits such transactions, in part so that employees remain fully invested in our funds and these transactions shall be reported quarterly and annually as required by Section V.
- 2. Shares of registered investment companies purchased by a spouse of a Southeastern employee in connection with the spouse's employer-provided retirement plan (401k, 403b, etc.). This exemption shall only be valid where the Longleaf Partners Funds are not an investment option in the spouse's employer-provided retirement plan. This exemption does not apply to investment accounts, such as self-directed IRAs, which are outside of an employer-provided plan.
- 3. Securities of the employer of a spouse of a Southeastern employee, but only where purchased in connection with the spouse's employer-provided retirement plan.
- 4. Mutual fund investments in a Section 529 Plan.
- 5. Subject to reporting or pre-clearance by the Compliance Officer or Alternate as provided in Rule III(A),

Private placements or limited offerings of a type which would not be appropriate as an investment for Southeastern's client accounts or the mutual funds because of their local focus, limited liquidity, or probable permanent non-registered or illiquid status, such as investments in local restaurants or local sports teams.

## **Rule II(C). Prohibition on Market Timing**

(i) Prohibition. All Southeastern Personnel are prohibited from short-term trading or market timing in shares of the Longleaf mutual funds, and any mutual funds subadvised by Southeastern. Longleaf defines market timing as a redemption within 30 days of a purchase. Certain exceptions may be granted where the purchase was made under an automatic dividend reinvestment, an automatic monthly investment, or in other exceptional cases. Even if a transaction meets an exception, however, if other indications of market timing exist, the transaction will not be allowed.

(ii) Monitoring. Any employee who wants to redeem Longleaf mutual fund shares within 30 days of a purchase must get pre-clearance. In addition, quarterly and annual holdings reports will contain detailed information on mutual fund transactions and holdings, and the Compliance Officer must review these reports for evidence of trading in violation of this section.

### SECTION III PRE-CLEARANCE RULES

#### **Rule III(A). Personal Purchases of Securities.**

(i). General Exceptions. Southeastern personnel must obtain pre-clearance under Rule IV(B) to purchase any private placements or limited offerings of securities. Pre-clearance is not required to purchase any exempt securities under Rule I(B)(2) (except non-Longleaf equity mutual funds), shares of the Longleaf Partners Funds, Longleaf Partners UCITS Funds, bond funds, or securities purchased in a spousal retirement plan or mutual funds in a Section 529 plan under Rule II(B).

(ii). Special Exceptions. Southeastern personnel desiring a special exception to purchase a publicly offered security not exempted under the General Exceptions listed above must obtain authorization and pre-clearance by presenting a written request for approval to the Code Compliance Committee, with appropriate justification for the exception. The written request shall be presented to the Compliance Officer, who shall arrange a meeting of the Code Compliance Committee to act upon the request.

#### **Rule III(B). Personal Sales of Securities**

Southeastern personnel must obtain pre-clearance before selling any security other than exempt securities under Rule I(B)(2) (except non-Longleaf equity mutual funds), shares of the Longleaf Partners Funds, Longleaf Partners UCITS Funds, bond funds, or securities sold in a spousal retirement plan or mutual funds in a Section 529 plan under Rule II(B). Pre-clearance applies to securities owned at the time this Code became effective and any other securities approved for purchase by the Code Compliance Committee. Pre-clearance shall be obtained by completing and signing a pre-clearance form supplied by Southeastern and submitting the form to the Compliance Officer. Note that sales of Longleaf within 30 days of a purchase require pre-clearance under Section II(C).

Discussion - Blackout Periods. Personal purchases or sales will not be authorized until at least 15 days have passed since the last client transaction. Authorization may be granted to sell a personally held security simultaneously with sales by client accounts where there is an outstanding public tender offer or similar comprehensive offer under which all of the securities held by the client accounts may be sold together with the personally held securities, provided that the simultaneous sale of securities held by Southeastern personnel would not adversely affect the price to be received by the client accounts.

### SECTION IV PRE-CLEARANCE AND EXECUTION PROCEDURES

#### **RULE IV(A). Code Compliance Committee and Compliance Officer**

**Code Compliance Committee.** Has the authority to authorize purchases of publicly offered securities not otherwise allowed by Rule I(B)(2) or Rules II(A) and II(B). The Code Compliance Committee shall be composed of the Compliance Officer, the General Counsel, and the Chief Operating Officer. A majority of the Committee shall constitute a quorum.

**Compliance Officer or Alternate.** Has the authority to authorize sales of any non-exempt securities held by Southeastern personnel, and to authorize both purchases and sales of securities by the independent Trustees of the mutual funds. The Compliance Officer is Mike Wittke, CCO; alternates to serve in his absence are first, Andy McCarroll, General Counsel, then Steve Fracchia, Chief Operating Officer. Transactions and reporting of the Compliance Officer shall be reviewed by an alternate.

#### **RULE IV(B). Procedure for Requesting Authorization To Purchase Non-Exempt Securities.**

Any Southeastern employee desiring a special exception to acquire a security not otherwise exempted by Rules I(B)(2), II(A) and II(B) must obtain authorization and pre-clearance for such purchase by presenting a written request for approval to the Code Compliance Committee on a form supplied by Southeastern, with acceptable justification for the exception. The written request shall be presented to the Compliance Officer, who shall arrange a meeting of the Code Compliance Committee to act upon the request.

#### **RULE IV(C) Procedure for Requesting Authorization to Sell Non- Exempt Securities.**

Without pre-clearance, Southeastern personnel shall not make a personal sale of any security or a derivative of any security unless it has been exempted by Rules I(B)(2), II(A) and II(B). If the security is under consideration for purchase or is presently held by any client account, authorization will not usually be granted until at least 15 days after completion of the last purchase or sale of the particular security by any such client account. The employee shall request advance written clearance from the Compliance Officer on a form supplied by Southeastern before any such security may be sold.

#### **RULE IV(D) Processing of Pre-Clearance Forms.**

The Compliance Officer or Alternate shall verify with the specified member of the portfolio management group other than the person who is seeking pre-clearance, that the subject security is not then being considered for either a purchase or sale by any managed account or the mutual funds. The member of the portfolio management group making the verification shall be a senior securities analyst. Such person shall provide the verification, including via email, and the Compliance Officer or Alternate shall complete the balance of the Form.

#### **RULE IV(E). Limited Duration of Pre-Clearance Authorization.**

If the transaction cannot be executed within 7 business days after pre-clearance authorization approval has been granted, the approval expires and a new request for pre-clearance authorization must be submitted.

#### **RULE IV(F). Execution of Trades and Broker Confirmation Statements**

After the Southeastern employee has obtained pre-clearance authorization for a transaction, the employee may place the trade for execution. A copy of the confirmation statement issued by the executing broker shall be provided to Southeastern for the Compliance File.

### **SECTION V REPORTING, DISCLOSURE AND RECORD REQUIREMENTS**

#### **Rule V(A). Initial and Annual Reporting By Southeastern Personnel.**

Within ten (10) days after the initial date of employment, and annually thereafter when so requested by Southeastern, each director, officer and employee of Southeastern shall complete a report on a form supplied by Southeastern containing the following information (the report must be current as of a date no more than 45 days prior to employment for initial reports, and 45 days prior to the date the report was submitted for annual reports):

- (1). The title and type of security, and as applicable the exchange ticker symbol or CUSIP number, number of shares (equity), and principal amount (debt) of all securities directly or indirectly beneficially owned by the Southeastern employee and members of his immediate family, including all mutual funds (affiliated and non-affiliated) and any private placement or limited offering investments, but excluding any other security classified as "exempt", as shown in Rule I(B)(2).
- (2). The name of any broker, dealer or bank with which each Southeastern employee maintains an account in which any securities are held for the employee's direct or indirect benefit; the employee must instruct the broker, dealer, or bank to supply Southeastern with duplicate copies of all transaction and routine statements.
- (3). A certification that the Code of Ethics has been received and read, and the employee understands the Code and recognizes that he or she is subject to it. Each amendment to the Code shall be promptly provided to employees, who shall acknowledge receipt in writing.
- (4). After the first year, a certification that the employee has complied with the Code of Ethics during the preceding year, and has disclosed or reported all personal transactions required to be disclosed or reported. Any undisclosed or unreported transactions must then be disclosed.
- (5). The date the employee submits the report.

#### **Rule V(B). Quarterly Transaction Reporting By Southeastern Personnel.**

At the end of each calendar quarter, a questionnaire will be circulated to all personnel requesting information about personal purchases, sales, or any other type of acquisition or disposition of securities during the quarter. The form must be signed and returned by the 30th day of the month following the end of the calendar quarter, and will contain information on all "securities" owned by the employee which are not classified by the SEC as "exempt", as set forth in Rule I(B)(2), and also including all shares owned by the Southeastern employee of the following: all investment companies (affiliated and non-affiliated), all private placements or limited offerings, and securities in a spousal retirement plan covered under Rule II(B). The form must contain the following information about each reported transaction:

- (1). The date of the transaction, the title and as applicable the exchange ticker symbol or CUSIP number, interest rate and maturity date, number of shares (equity), and principal amount (debt) of each reportable security involved;
- (2). The nature of the transaction (i.e., purchase, sale, or any other type acquisition or disposition);
- (3). The price of the security at which the transaction was effected;
- (4). The name of the broker, dealer or bank with or through which the transaction was effected; and
- (5). The date the employee submits the report.

In addition, the form will require personnel to acknowledge compliance with Section VII, regarding potential conflicts of interest, and Part B, regarding receipt of material, non-public information.

#### **Rule V(C). Reporting of Certain Political Contributions**

At the end of each calendar quarter, a questionnaire will be circulated to all personnel requesting information about political contributions made to state, county, or municipal candidates; political parties of a state or political subdivision thereof; or political action committees during the quarter. The questionnaire must contain the following information:

- (1). The name and title of each recipient; and
- (2). The amount and date of each contribution or payment

#### **Rule V(D). Reporting of Violations.**

Any employee who becomes aware of a violation of the Code shall report such violation to the Compliance Officer or Alternate. If reporting is to the Alternate, he must subsequently notify the Compliance Officer.

#### **Rule V(E). Annual Report To the Boards of Longleaf Partners Mutual Funds.**

Southeastern will prepare an annual report to the Boards of Trustees of the mutual funds which shall contain the following and any other pertinent information on personal trading by Southeastern personnel:

- (i). A summary of the existing personal trading rules and a discussion of any changes made during the year.
- (ii). A report of any personal trading which has taken place in any securities which were recommended for purchase by client accounts or the mutual funds, any violations of this Code, and any remedial action taken.
- (iii). A discussion of any recommended changes in existing procedures based upon experience, changes in applicable laws or regulations, or developments in industry practice.
- (iv). An annual certification of procedures designed to comply with the Code.

**RULE V(F). Establishment of Compliance File.** A Compliance File shall be maintained by the Compliance Officer which shall include the following:

- (1). Code of Ethics, as amended from time to time.
- (2). Acknowledgments by personnel of receipt of Code.
- (3). Annual Reports of securities holdings and Certifications of Compliance by personnel.
- (4). Executed pre-clearance forms.
- (5). Trade tickets and confirmation statements for securities purchased and sold.
- (6). Annual Report to Boards of Trustees of the Mutual Funds concerning personal trading activities.
- (7) A record of any violations of the Code, and the resolution of the violation.
- (8). Listing of access persons at the end of each quarter, and the names of compliance personnel having the responsibility of circulating and reviewing reports

Information contained in the Compliance File shall be reviewed by the Compliance Officer or delegate within a reasonable time after receipt, and any questions shall be discussed with the person submitting the report.

## **SECTION VI INDEPENDENT TRUSTEES OF LONGLEAF PARTNERS MUTUAL FUNDS**

The independent Trustees of Longleaf Partners Funds Trust and its separate series or mutual funds are not classified as Southeastern personnel. In their official capacities, outside Trustees routinely receive information about current portfolio purchases and holdings of the mutual funds, but do not routinely receive information on proposed purchases or sales.

### **Rule VI(A). Pre-Clearance Approval**

Independent trustees of the Longleaf Partners mutual funds who desire to purchase or sell any security other than those excepted in the following subparagraph shall contact the Compliance

Officer to determine whether the particular security is under consideration for purchase by any of the mutual funds before making a purchase.

**Exceptions For Outside Mutual Fund Trustees.** Independent mutual fund Trustees are not required to obtain pre-clearance approval for purchases or sales of securities of issuers within the categories listed below, and transactions in such securities are not subject to any reporting requirement unless the particular security should subsequently be acquired by one of the mutual funds. Until further written notice, such categories of securities, none of which are expected to be purchased by the mutual funds, are:

- (i). Securities issued by the particular Trustee's employer or any affiliate, and by companies for which the particular Trustee's employer or an affiliate may provide venture capital or financial consulting services.
- (ii). Securities issued in initial public offerings, provided the opportunity to participate in the public offering has not been made available to the Trustee primarily because of his position as a Trustee of the Funds.
- (iii). All municipal securities.
- (iv). Securities exempted by SEC regulation, such as direct obligations of the U.S. government, high quality short-term debt instruments, including but not limited to bankers acceptances, bank certificates of deposit, commercial paper and repurchase agreements, shares of registered open-end investment companies and commodities futures contracts.
- (vi). Securities in any other category after written notification has been given to the independent Trustees that the mutual funds are not expected to be investing in such issuers.

#### **Rule VI(B). Reporting By Independent Trustees of the Mutual Funds.**

Quarter-end reporting of securities transactions is not required unless the independent Trustee has purchased or sold a security held by one of the Longleaf Partners mutual funds during the quarter. Because prior approval of any such transaction is required under VI (A) above, the Compliance Officer will record such prior approval and request from the Trustee documentation of the completed transaction. Such documentation will be provided before the 10th day following the end of the calendar quarter in which a reportable transaction occurred, and will include the date and nature of the transaction, the title and number of securities, the price paid or received, the name of the broker, dealer or bank effecting the transaction, and the date such documentation is submitted.

As permitted by Paragraph (d)(2)(i) of Rule 17j-1, as amended, independent Trustees are not required to report on any securities transactions in any account over which the Trustee does not have direct or indirect influence or control, such as a fully discretionary account managed by another investment adviser.

### **SECTION VII OTHER POTENTIAL CONFLICTS OF INTEREST**

## **RULE VII(A). Private Placements; Ban on Purchases in Initial Public Offerings; Ban on Short-Term Trading Profits**

### **1. Ban on Private Placements of Securities Which Would Be Appropriate For Purchase By Client Accounts or Mutual Funds.**

Southeastern personnel may not purchase private placements or limited offerings of securities of the types which could be recommended for purchase by a client account or the mutual funds (if the particular security were registered or offered publicly or if a client account or the mutual fund could purchase the security as a restricted security). Before authorization will be granted for a private placement of securities of a type which would not be appropriate for purchase by client accounts or the mutual funds, as allowed by Rule II(B), it must appear that the purchase would not result in any material conflict of interest which could presently or in the future adversely affect any Southeastern client accounts and that the opportunity for purchasing the private placement or limited offering was not created as a reward connected with the employee's job function.

**2. Ban on Purchases in Initial Public Offerings (IPO's).** The industry consensus is that personnel of investment advisors should be flatly prohibited from acquiring shares in IPO's, to preclude any possibility of profiting improperly from their positions with an investment company or on behalf of a managed account. Personnel of Southeastern are therefore prohibited from investing in securities offered through IPO's.

**3. Ban on Short-Term Trading Profits.** It is industry consensus that investment advisor personnel should not profit from "short-term" trading profits, defined as the purchase and sale, or the sale and purchase, of securities (other than registered investment companies) within a 60 day time frame which result in a profit. (A sale of a security at a loss within 60 days after its acquisition is not deemed to be a short-term trading transaction). All Southeastern personnel are therefore prohibited from engaging in short-term transactions which would result in a profit. Any profits made through short-term trading in violation of this Rule must be surrendered to Southeastern.

**Exception To 60 Day Holding Period.** Upon application to the Compliance Officer and a showing of exceptional or unusual circumstances, an authorization for a sale in less than 60 days may be granted. Examples include but are not limited to the following:

- (a). The security is not one which is contemplated for purchase by; is then held; or has been held by any managed accounts or the mutual funds; and there is a reasonable basis for the request to sell in less than 60 days.
- (b). If the security was previously held by any managed account or the mutual funds, all such securities have been disposed of and at least 15 days have elapsed since the last transaction.
- (c). The security being sold is an exchange traded option acquired to establish a bona fide hedge position on securities held or to be more than 60 days.

**RULE VII(B). Receipt of Gifts.** Southeastern personnel are prohibited from receiving gifts or any other thing of value (other than those having a value of not more than \$100 per annum per entity) from any person or entity which does business with Southeastern or the Longleaf Partners Funds.

**RULE VII(C). Business Entertainment.** In order to prevent business entertainment that is intended as an improper quid pro quo or that could create a conflict of interest between Southeastern's Trading department and Southeastern's clients, members of Southeastern's Trading department must adhere to the following when they are the beneficiary of business entertainment from brokerage firms:

- i. Accepting meals is permissible.
- ii. Entertainment expenses for social events, entertainment events, charitable events, sporting events, leisure events and all other events of like nature must be paid for by the member of Trading or Southeastern.
- iii. The member of Trading or Southeastern must pay for all travel and lodging expenses.
- iv. An employee of the firm providing the entertainment must accompany the member of Trading to meals and events.
- v. All business entertainment and any reimbursement requests must be approved by the Head Trader prior to attending the meal or event and be submitted through Southeastern's established reimbursement process.
- vi. All business entertainment must be documented. Documentation should include the firm and specific person(s) providing the entertainment, the entertainment event and date, and the actual expenses. Such documentation shall be maintained by the Head Trader and stored for five years from the end of the calendar year in which generated, the first two years in Southeastern's offices. No less frequently than semi-annually, the documentation shall be reviewed and approved by the Chief Operating Officer.

**RULE VII(D). Service as a Director of a Public Company.** Southeastern personnel shall not serve as a director on the Board of a publicly traded company, absent a prior determination by the Boards of Trustees of the Longleaf Partners mutual funds and the Board of Directors of Southeastern that such Board service would not be inconsistent with the interests of the mutual funds, their shareholders, or other client accounts.

**RULE VII(E). Payment or Solicitation of Political Contributions to Candidates or Officials of State and Local Government Entities.**

Absent documented approval from a member of the Southeastern Board of Directors, Southeastern personnel may not make political contributions to elected officials or candidates for election to offices or positions in any state or political subdivision of a state (county or city), including any agency, authority, or instrumentality. Any approved contribution in excess of 1) \$350 per candidate per election in elections in which the employee is entitled to vote or 2) \$150 per candidate per election in elections in which the employee is not entitled to vote shall render Southeastern ineligible from providing investment advisory services for compensation to any state or political subdivision of a state, including any agency, authority, or instrumentality for which the candidate or official has/would have responsibility (directly or indirectly) for or the ability to influence the outcome of the hiring of an investment adviser, or authority to appoint a person who has/would have (directly or indirectly) responsibility for or the ability to influence the outcome of

the hiring of an investment adviser. The prohibition on providing investment advisory services shall last for two years from the date of the contribution.

Violations of this Rule VII(E) resulting in political contributions exceeding 1) \$350 per candidate per election in elections in which the employee is entitled to vote or 2) \$150 per candidate per election in elections in which the employee is not entitled to vote shall render Southeastern ineligible from providing investment advisory services for compensation to any state or political subdivision of a state, including any agency, authority, or instrumentality for which the candidate or official has/would have responsibility (directly or indirectly) for or the ability to influence the outcome of the hiring of an investment adviser, or authority to appoint a person who has/would have (directly or indirectly) responsibility for or the ability to influence the outcome of the hiring of an investment adviser. The prohibition on providing investment advisory services shall last for two years from the date of the contribution.

For purposes of the above rules, contributions made by new employees within six months prior to their employment date are attributed to Southeastern. However, if the new employee solicits clients on Southeastern's behalf, contributions made within two years from employment date will be attributed to Southeastern.

A breach of the above rule related to elections in which the employee is not entitled to vote may be remedied by having the contribution returned, under the following circumstances: Southeastern must have discovered the contribution within four months of the contribution date, the contribution must not have exceeded \$350, and the contribution must be returned within sixty days of the date of discovery. This exception may not be used by Southeastern more than three times in any calendar year and may not be used with respect to the contributions of the same employee more than once in any period.

Neither Southeastern nor its employees may coordinate or solicit any person or political action committee to make any contribution to an official of a state or local government entity to which Southeastern provides or is seeking to provide advisory services. Furthermore, neither Southeastern nor its employees may coordinate or solicit payment to a political party of a state or locality where Southeastern is providing or seeking to provide advisory services.

Neither Southeastern nor its employees may agree to provide, directly or indirectly, payment to any person to solicit a state or political subdivision of a state for investment advisory services on behalf of Southeastern UNLESS such person is: 1) an employee of Southeastern; 2) an investment advisor registered with the SEC and in compliance with Advisers Act Rule 206(4)-5 or 3) a broker/dealer that is SEC registered and is a member of a national securities association registered under section 15A of the Securities Exchange Act of 1934 provided that the rules of the national securities association prohibits distribution or solicitation if certain political contributions have been made and the SEC has found that those rules are substantially equivalent to Advisers Act Rule 206(4)-5.

For purposes of this Rule VII(E), investment management by Southeastern of hedge funds, private equity funds, venture capital funds, and collective investment trusts are treated the same as a direct separately managed account. Registered investment companies (including the Longleaf Partners

Funds) are similarly treated, but only if the Fund is an investment option of a participant-directed plan or program of a state or local government entity (such as a 529 plan or 403(b) plan).

**Any act of Southeastern or any of its employees done indirectly which, if done directly, would result in a violation of this Rule VII(E) is prohibited. This includes, but is not limited to, funding contributions through third parties, including political action committees, consultants, attorneys, spouses and family members, friends, or companies affiliated with Southeastern.**

**RULE VII(F). Prohibition on Selective Disclosure of Client Portfolio Holdings.** Southeastern personnel shall not disclose holdings of Southeastern's clients, including the Longleaf Partners Funds, which have not been released publicly on the Funds' website or filed with the SEC on EDGAR, except in conformity with Southeastern's written privacy procedures as described in Southeastern's Compliance Manual.

**RULE VII(G). Avoidance of Conflicts in Trading Department.** No Southeastern personnel shall seek to influence brokerage selection for any purpose other than obtaining best execution for Southeastern's clients. The Trading Department shall report any violation of this policy to the Chief Compliance Officer, General Counsel or Chief Operating Officer.

**RULE VII(H). Avoidance of Other Conflict of Interest Situations.** Southeastern expects that its personnel shall adhere to the highest standards of business ethics. Accordingly, Southeastern personnel shall be sensitive to situations and relationships that may give rise to actual or apparent conflicts of interest, and report any such situations to the Chief Operating Officer for review.

#### **SECTION VIII. DISCLOSURE IN PART 2 OF FORM ADV.**

Southeastern shall describe this Code of Ethics in Part 2A of Form ADV, and state that a copy of the Code will be provided to any client or prospective client upon request.

**PART B**  
**RULE VIII - USE OF MATERIAL INSIDE OR NON-PUBLIC INFORMATION**

Southeastern personnel shall not, while in the possession of material, non-public information (referred to as "inside" information) about a company (whether or not its securities are owned by client accounts) trade in the company's securities or derivatives of such securities, either personally or on behalf of others (including managed accounts, the mutual funds, or relatives, friends or acquaintances), nor shall any such "inside" information be communicated to others.

Also, as stated in Rule II(C), Southeastern personnel are prohibited from market timing in Longleaf mutual fund shares. This prohibition is designed to prevent misuse by employees of non-public information regarding Fund portfolios. As a general matter, in addition to the restriction on market timing, if the CEO or General Counsel of Southeastern believe that non-public information regarding the Funds or one of its holdings presents an opportunity for Southeastern employees to improperly personally benefit, either may suspend purchases or redemptions by employees until further notice.

**Definition of Material "Inside" Information.** All non-public information is not necessarily prohibited inside information. The inside information about the company must be "material" before trading in the company's securities is prohibited. To be material, the information must be significant enough so that it could presently affect the market price of the company's stock or would be important to someone making an investment decision. Clearly specific information not yet public on matters such as earnings results, dividend increases or decreases, and decisions on changes of policy, product, or management composition should be considered to be material inside information. However, it is possible that management of a company may make general non-public statements to the portfolio selection group about the direction in which management may steer the company in the future, views on earnings estimates early in the period which are not yet definite, or other general observations, opinions or views which would be non-public but which also would not yet be definite or certain and could therefore be non-material.

**Possible Sources of "Inside" Information.** In Southeastern's situation, there are two primary sources of inside information:

- (i) discussions by the portfolio selection group with management of companies owned or to be owned by client accounts and
- (ii) discussions with outside brokers who execute portfolio trades. Because Southeastern is not engaged in the investment banking and retail brokerage businesses, there is no need to establish a "Chinese wall" to separate information received by some employees in the ordinary course of business about potential mergers, acquisitions and tender offers from disclosure to other employees who might misuse the information for their own accounts.

**Procedures to Limit Receiving Inside Information.**

- (i). Meetings with Management of the Issuer. Any conversations with management of a portfolio company should be preceded by a statement to the effect that Southeastern's questions are not intended to evoke confidential or non-public information and that Southeastern seeks to

avoid receipt of any such information so that its ability to trade on behalf of its clients will not be restricted.

(ii). Information Received by Southeastern Traders From Third Parties. It is possible that information from brokers about significant securities sales or purchases by an issuer's management might constitute material inside information. Brokers may also supply Southeastern's traders with other "rumors" which might be significant. Although such information may come indirectly from sources other than the issuer itself, the possibility that trading should be suspended should be discussed internally by the portfolio management group and the General Counsel.

### **Procedure To Follow Should a Southeastern Employee Receive Information Which May Be Material, Non-Public Information.**

(i). The nature of the information and its source must be reported immediately to the General Counsel. If the information is deemed "material", the General Counsel will then notify the firm's Trading group to cease all transactions in that particular security. No further trading shall take place in the stock of the particular company, for managed accounts or for personal accounts, pending a determination on the nature of the information.

(ii). The General Counsel will discuss the matter with the Chairman of the Board and C.E.O. or President for determination of whether and under what circumstances further trading in the particular securities may take place.

## **PART C PENALTIES FOR VIOLATIONS OF CODE BY SOUTHEASTERN PERSONNEL**

### **RULE IX(A). Penalties For Improper Personal Trading in Securities Being Considered For Purchase or Sale or Being Purchased or Sold By Clients of Southeastern .**

All material violations of the Policy and Code will be reported to and considered by the Board of Directors of Southeastern. In addition, all situations involving portfolio securities held or to be acquired by the mutual funds will be reported to the Board of Trustees of the mutual funds, which must also concur with any proposed sanctions.

The following sanctions apply to violations of the trading prohibitions as well as to the failure to comply with the transaction reporting requirements:

**First violation:** Immediate sale by the employee of any improperly purchased security constituting a conflict of interest (if such sale would not damage the client accounts or the mutual funds), together with the surrender by the employee to Southeastern of any profit realized in the transaction. Any profit realized on improper short- term trading transactions shall also be surrendered to Southeastern.

Discussion. Disgorgement of profits is similar to the penalty imposed on corporate directors and officers who violate the "short swing" selling prohibitions under Sec. 16(b) of the Securities Exchange Act of 1934 Act.

**Second violation:** A letter of censure and disgorgement of profits, in the same manner as the penalty for the first violation, together with a monetary penalty appropriate to the circumstance, to be assessed by the Board of Directors of Southeastern.

**Third or subsequent violation:** Disgorgement of profits, in the same manner as the penalty for the first violation, a substantial monetary penalty assessed by the Board of Directors of Southeastern and, in the discretion of the Board, suspension from employment (with or without pay) or termination of employment.

### **RULE IX(B). Penalties For Improper Use or Communication of Inside or Non-Public Information**

The Securities & Exchange Commission and/or the courts may levy the following civil and criminal penalties for the improper use of "inside" or non-public information, which are applicable to any person (including outside Trustees) misusing such information:

1. Recovery of the profit gained or loss avoided by the investment adviser personnel trading on such information or by any "tippee", plus treble damages.
2. Expulsion from the securities industry.
3. Criminal penalties of up to \$1 million in fines and up to 10 years imprisonment.
4. Penalties may also be assessed against Southeastern for failing to have in place procedures or failing to take steps to prevent the use or communication of "inside" information by its personnel.

Because there can be serious consequences for Southeastern itself should Southeastern personnel use material "inside" information improperly or communicate such information to others, Southeastern's Board of Directors will determine appropriate sanctions in the event of a violation of this policy, taking into account the particular circumstances. Such sanctions may include monetary penalties or termination of employment.

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Adopted August 19, 1996  
Amended September 22, 1998  
Amended September 20, 1999; effective September 30, 1999.  
Amended December 14, 2000  
Amended June 17, 2002  
Amended March 3, 2003  
Amended December 8, 2003

Amended September 28, 2004  
Amended December 9, 2004  
Amended April 4, 2005  
Amended December 9, 2005  
Amended December 9, 2006  
Amended June 30, 2007  
Amended December 7, 2007  
Amended December 4, 2008  
Amended December 22, 2009  
Amended December 17 , 2010  
Amended March 31, 2011  
Amended December 31, 2011  
Amended October 2, 2012  
Amended December 12, 2012  
Amended December 13, 2013  
Amended December 11, 2014  
Amended December 4, 2015  
Amended December 9, 2016  
Amended September 18, 2017

# Conflicts of Interest – November 2017

As stated in our Code of Ethics, Southeastern expects its personnel to adhere to the highest standards of business ethics. Accordingly, Southeastern personnel must be sensitive to situations and relationships that may give rise to actual or apparent conflicts of interest. Through its Code of Ethics, as well its Compliance Manual, Southeastern seeks to address conflicts of interest. Such conflicts or potential conflicts are described below, along with the methods used for mitigation.

## ***Side by Side Management***

Conflicts of interest could arise in connection with managing a client account side by side with Southeastern's other clients (the "Other Accounts"). Southeastern's Other Accounts include US Equity, Non-US Equity, Global, Asia Pacific, and Small-Cap mandates, as well as a European focused account, and investment opportunities may be appropriate for more than one category of account. Because of market conditions and client guidelines, not all investment opportunities will be available to all accounts at all times. In addition, certain accounts managed by Southeastern have a performance fee. Also, Southeastern employees and related parties are significant owners of funds or accounts managed by Southeastern. Each of these creates a potential conflict of interest when Southeastern allocates investment opportunities among its clients. Southeastern has developed allocation principles designed to ensure that no account is systematically given preferential treatment over time. Southeastern's compliance personnel, including the Chief Compliance Officer, routinely monitor allocations for consistency with these principles, as well as any evidence of conflict of interest. While Southeastern employees' and related parties' significant ownership of Southeastern managed funds presents a conflict, it also ensures that Southeastern employees' interests are aligned with those of fund shareholders and other Southeastern clients, since fund portfolios and other accounts own similar securities.

## ***Business Relationships***

There may be occasions where Southeastern has business relationships with a portfolio company or persons associated with portfolio companies. For example, a substantial shareholder of Southeastern's European focused private fund also holds officer positions with two of our investee companies and is a significant investor in these companies. As it relates to portfolio management, Southeastern does not base decisions to invest on such business relationships and follows its investment discipline (e.g., no margin of safety exists) on decisions to sell. As noted below, reporting of such relationships will be made to the Southeastern Board of Directors and Longleaf Partners Funds Board of Trustees. Please also see below as it relates to proxy voting decisions.

## ***Broker Selection***

Regarding selection of brokers, certain brokerage firms with whom Southeastern trades on behalf of its clients may be affiliated with Southeastern clients or their publicly traded shares may be held as an investment in certain client accounts (please note, Southeastern itself is not affiliated with any broker/dealer, nor does it own shares in any broker/dealer for its own account). In addition, although Southeastern has no soft dollar arrangements, Southeastern may utilize research from brokerage firms, including firms through which Southeastern places client transactions, in the ordinary course of business. Furthermore, there is a potential conflict of interest regarding brokers who also place shares in the Longleaf Partners Funds. While these relationships to brokers present a potential for conflict of interest, Southeastern's trade execution policy permits consideration only of best execution and disallows directing client transactions to brokers in exchange for research or sale of Longleaf Partners Fund shares. Our Code of Ethics also prohibits personnel from attempting to influence brokerage selection for any purpose other than obtaining best execution for Southeastern's clients. Compliance testing/oversight is in place to see that the policies are followed. Southeastern also has written limits on all employees regarding receipt of gifts and limits on business entertainment which are applied to our Traders.

## ***Proxy Voting***

With respect to proxy voting, occasions may arise where Southeastern or one of its personnel could have a conflict of interest with respect to a particular proxy vote. For example, there may be occasions where Southeastern has invested client assets in a company for which Southeastern also provides investment management services, or one of Southeastern's clients may have a material interest in the outcome of a vote. For example, a substantial shareholder of Southeastern's European focused private fund also holds officer positions with two of our investee companies. It is also possible that Southeastern's personnel may have a personal conflict of interest with respect to a vote, such as familial relationship with company management. For example, one of Southeastern's employees currently serves as a Director on the Board of one of our investee companies.

Southeastern considers potential conflicts of interest with respect to each voting decision. Any individual participating in a voting decision who has a personal conflict of interest is required to disclose that conflict to the Proxy Coordinator and the Proxy Conflict Committee for review, and shall otherwise remove himself or herself from the proxy voting process. In addition, personnel involved in voting decisions must consider any Southeastern conflict of interest and report such conflicts to the Proxy Coordinator and the Proxy Conflict Committee, which also separately considers conflicts of interest which may be applicable to a vote. Before the Proxy Coordinator can submit voting decisions for execution, a representative of the portfolio management team and two representatives of the Proxy Conflict Committee must initial Southeastern's internal proxy form indicating that they are not aware of a conflict of interest.

In cases where a conflict of interest has been identified, Southeastern's Proxy Conflict Committee will prepare a report prior to execution of a voting decision which contains the following:

- the nature of the conflict;
- an evaluation of the materiality of the conflict; and
- if the conflict is material, the procedures used to address the conflict.

Two out of three members of the Proxy Conflict Committee must approve the report. If a conflict is material, Southeastern will attempt to disclose the conflict to affected clients, and either obtain consent to vote on a given voting occasion or vote in accordance with instructions from the client. If Southeastern is not able to reach affected clients in time to obtain consent, or obtaining consent is not otherwise feasible, Southeastern may vote in accord with guidance provided by a proxy service provider independent of Southeastern.

In evaluating the materiality of a conflict, Southeastern will consider a number of factors, including:

- whether Southeastern has been solicited by the person or entity creating the conflict;
- whether the size of Southeastern's business relationship with the source of the conflict is material in light of Southeastern's total business;
- whether Southeastern's voting power or voting decision is material from the perspective of the source of the conflict;
- other factors which indicate Southeastern's voting decision has not been impaired or tainted by the conflict.

If Southeastern concludes that the conflict is not material, the conflict of interest report will state the basis for this determination, and Southeastern will vote in the manner it deems in its clients' best interest.

### ***Personal Trading***

Southeastern's Code of Ethics treats all employees (as well as spouses and dependents) as access persons subject to the Code. Further, any charitable foundations established and funded by Southeastern personnel are deemed access persons to the extent of trading activity outside of Southeastern advised accounts. Southeastern's Code of Ethics limits employee investment in publicly traded equities to funds advised by Southeastern, unless an exception is granted. Employees are not permitted to invest in IPOs. In accordance with regulations, there are quarterly and annual reporting requirements to ensure compliance.

The Code of Ethics also contains provisions for pre-clearance and reporting of certain transactions made by the Longleaf Partners Funds' Board of Trustees.

### ***Improper Payments***

As stated, Southeastern's Code of Ethics contains limits on receipt of gifts by employees from persons or entities who do business with Southeastern or Longleaf. Southeastern has also adopted an Anti-Bribery Policy designed to comply with the requirements of the Foreign Corrupt Practices Act and the UK Bribery Act. Among other things, the Anti-Bribery Policy contains limits on hospitality that may be offered to clients, prospective clients, and government officials. In addition, Southeastern has in place procedures designed to prevent "pay to play", including a requirement to obtain approval from a member of the Southeastern Board of Directors prior to making any state and local political contributions and the requirement to report any such contributions to the Chief Compliance Officer on a quarterly basis.

### ***Service as Director***

Southeastern personnel are not permitted to serve as a director on the Board of a publicly traded company, absent a prior determination by the Longleaf Partners Funds' Board of Trustees and the Board of Directors of Southeastern that such service would not be inconsistent with the interests of the Funds, their shareholders, or Southeastern's other clients.

### ***Selective Disclosure***

Southeastern personnel are not permitted to disclose holdings of Southeastern's clients, including the Longleaf Partners Funds, which have not been released publicly on the Funds' website or filed with the SEC on EDGAR, except in conformity with Southeastern's written disclosure procedures as described in Southeastern's Compliance Manual.

### ***Material Inside Information***

As described in Part B of our Code of Ethics, Southeastern personnel shall not, while in the possession of material, non-public information about a company (whether or not its securities are owned by client accounts) trade in the company's securities or derivatives of such securities, either personally or on behalf of others (including managed accounts, the mutual funds, or relatives, friends or acquaintances), nor shall any such "inside" information be communicated to others. Any employee who receives information which he/she believes may be material non-public information are directed to immediately report to the General Counsel.

### ***Conflicts in General and Reporting***

Southeastern has an Enterprise Risk Management Committee which reviews Southeastern's operations on an ongoing basis to assess risks, including potential conflicts of interest. In conjunction with each annual report pursuant to Rules 206(4)-7 and 38(a)-1, the Chief Compliance Officer will address any new relationships identified

that have the potential to give rise to conflicts of interest, as well as mitigating measures, with the Southeastern Board of Directors and Longleaf Partners Funds Board of Trustees.

**SOUTHEASTERN ASSET MANAGEMENT, INC.  
LONGLeAF PARTNERS FUNDS  
PROXY VOTING POLICIES AND PROCEDURES**

**INTRODUCTION**

As an investment adviser registered with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 (the “Advisers Act”), Southeastern Asset Management, Inc. (“Southeastern”) must adopt and implement written policies and procedures that are reasonably designed to ensure that Southeastern votes client securities in the best interest of clients. The proxy voting policies and procedures set forth herein (the “Proxy Policy”) are an update to policies and procedures followed by Southeastern for many years and have been revised to comply with the terms of Rule 206(4)-6 under the Advisers Act. The Proxy Policy sets forth the general principles to be applied in voting proxies of companies held in client portfolios, and is intended for distribution to all clients for informational and disclosure purposes.

In addition, Southeastern has been granted discretionary authority to manage the assets of the separate series of Longleaf Partners Funds Trust (“Longleaf”), an open-end management investment company registered with the SEC under the Investment Company Act of 1940 (the “40 Act”). Pursuant to its discretionary authority to manage Longleaf’s assets, and under the supervision of the Longleaf Boards of Trustees, Southeastern votes proxies of companies held in Longleaf’s portfolios. Effective August 1, 2003, the Boards of Trustees of Longleaf’s four series have authorized Southeastern to vote securities in the Longleaf Partners Funds according to this updated Proxy Policy, and instructed Southeastern as Administrator of the Funds to implement for Longleaf the procedures necessary to comply with proxy rules applicable to investment companies under the 40 Act. Accordingly, Southeastern will make disclosure of Longleaf’s proxy voting record on Form N-PX, when and as required by Investment Company Act Rule 30b1-4, and will disclose in Longleaf’s public filings information regarding the proxy policies applicable to Longleaf, as required by Items 17(f), and 27(d) of Form N-1A.

**I.**

**INFORMATION AVAILABLE TO CLIENTS AND  
LONGLeAF SHAREHOLDERS**

In order to comply with Adviser’s Act Rule 206(4)-6(c), Southeastern will describe these proxy voting policies and procedures in Part 2 of its Form ADV, an updated copy of which will be provided to all existing private account clients and all new clients prior to their conducting business with Southeastern. Upon request, Southeastern will provide any private account client with a copy of these proxy voting policies and procedures as well as complete information on how Southeastern voted proxies of companies in the client’s portfolio.

Shareholders of the Longleaf Partners Funds may find a description of this Proxy Policy in the Funds' Statement of Additional Information (SAI). The SAI may be obtained free of charge from, [www.longleafpartners.com](http://www.longleafpartners.com), by calling (800) 445-9469 or on the Securities and Exchange Commission website, [www.sec.gov](http://www.sec.gov). Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on [www.longleafpartners.com](http://www.longleafpartners.com), by calling (800) 445-9469, or on the Funds' Form N-PX available on the Securities and Exchange Commission website, [www.sec.gov](http://www.sec.gov).

## II.

### STATEMENT OF GENERAL POLICIES AFFECTING PROXY VOTING

**Proposal Must Benefit Shareholders.** One of the principles used by Southeastern in selecting stocks for investment is the presence of shareholder-oriented management. This is defined as management which takes actions and supports policies designed to increase the value of the company's shares and thereby enhance shareholder wealth. As a result, all proposals submitted for shareholder approval are analyzed in light of their long-term benefit to current shareholders.

**Management Must Be Responsive.** Southeastern's portfolio management group is active in meeting with top management of portfolio companies and in discussing its views on policies or actions which could enhance shareholder value. To facilitate such discussions, Southeastern may convert a Schedule 13G filing (which is used by passive institutional investors) to a Schedule 13D filing in order to be more active in encouraging management of a company to take particular steps which could further enhance shareholder value. Whether management of a company will consider reasonable shareholder suggestions is a factor to be taken into consideration in proxy voting.

**General Policies With Respect to Routine Proposals.** Under the statutes of its state of incorporation, a company usually must hold meetings of shareholders annually for the purpose of electing or re-electing directors. In addition, the Securities and Exchange Commission requires that publicly held corporations ratify the selection of the independent auditing firm each year if an annual meeting of shareholders is being held. In many situations, these two matters are the only matters submitted to shareholders for a vote at the company's Annual Meeting of Shareholders and are therefore viewed by the investment community as being routine in nature. Southeastern's general policy is to support the Board's recommendations to vote in favor of these annually recurring matters, particularly where the Board has a record of supporting shareholder rights and is otherwise shareholder oriented.

Exceptions to General Policy. In some circumstances, Southeastern may oppose the routine re-election of a Board of Directors. As a technical matter, a shareholder opposed to re-election must express such opposition by voting the proxy for purposes of establishing the presence of a quorum, but "withholding" the vote for a particular director

or the entire slate of directors. Using this procedure, Southeastern may withhold the vote for re-election of the Board in circumstances such as the following:

- A Board of Directors may have adopted policies or taken actions during the prior year which are within its discretionary authority and, as such, are not matters which must be submitted to shareholders for approval. If such policies or actions have the effect of limiting or diminishing shareholder value, Southeastern may voice its opposition to the Board's positions by withholding the votes for re-election of the Board or any director.
- There may be situations where top management of a company, after having discussions with Southeastern's portfolio management group and perhaps with other institutional shareholders, may have failed or refused to adopt policies or take actions which would enhance shareholder value. Depending on the circumstances, Southeastern may also exercise its proxy voting authority by withholding an affirmative vote for re-election of the Board.

**General Policies With Respect to Special Management Proposals.** In addition to election or re-election of directors and ratification of the selection of auditors, there may be additional, specific management proposals submitted to shareholders for approval. Southeastern's general policy is to vote in favor of specific or non-recurring proposals submitted where such proposals are reasonable and appear to be in the best interest of shareholders.

Exceptions to General Policy. There may be situations where a Board of Directors has submitted to shareholders for approval various amendments to the corporate charter or other specific proposals which have the effect of restricting shareholder rights or otherwise diminishing shareholder value. Southeastern may decide to oppose these specific proposals and, as an integral part of such opposition, may also oppose the re-election of the Board of Directors. In the alternative, Southeastern may vote against the special proposals but may vote in favor of re-election of the Board where the Board is otherwise shareholder-oriented and the special proposals do not materially harm shareholder rights.

**General Policies With Respect to Shareholder Proposals.** There may be situations when a company's proxy statement contains minority shareholder proposals, which might include eliminating staggered terms for members of boards of directors, eliminating other anti-takeover defenses, adopting cumulative voting rights, or establishing operating rules or policies which are of primary interest to special interest groups. Southeastern votes these proposals on a case-by case basis with the primary objective of supporting corporate operating policies which provide the maximum financial benefit to shareholders. In Southeastern's opinion, if a company's management has demonstrated that it is shareholder-oriented by adopting operating policies and procedures which are beneficial to shareholders, Southeastern may oppose minority shareholder proposals, particularly when the adoption of such proposals could inhibit normal operations or might be disruptive.

### III.

#### DISCUSSION OF SPECIFIC CORPORATE POLICIES AND PROPOSALS

The determination as to whether a particular policy or shareholder proposal is likely to enhance or diminish shareholder wealth may be relatively clear or, in the alternative, could be subjective. Below is a list of specific issues which may be presented for a vote and how Southeastern is likely to treat such matters. Because proxy issues and the circumstances of individual companies are so varied, there may be instances when Southeastern does not vote in strict adherence to the guidelines set forth below. In addition, the discussion is not exhaustive and does not include all potential voting issues. To the extent issues are not covered by this Proxy Policy, or in situations where Southeastern does not vote as described below, Southeastern will be governed by what it considers to be in the best interests of its clients.

- “One share, one vote.”

Explanation. Southeastern believes that good corporate governance usually requires that all shareholders have an equal voice in electing a Board of Directors and in voting on other proposals submitted to shareholders. Southeastern generally would oppose proposals to create separate classes of shares with disproportionate voting rights which may be designed primarily to empower shareholders affiliated with existing management at the expense of non-management affiliated shareholders. Recognizing that certain corporate finance proposals may require that new shareholders receive stronger voting rights or more beneficial conversion rights in consideration for the price per share of a new offering, Southeastern would give consideration to supporting reasonable disproportionate voting or conversion rights in situations where the proposal would raise necessary capital without undue dilution of the voting or ownership rights of existing shareholders.

- Reasonable Stock Option Plans and Reasonable Cash Incentives.

Explanation. Southeastern believes that management of a portfolio company will tend to make decisions and support policies which enhance shareholder wealth if management is a significant owner of the company. In addition, management will tend to be shareholder oriented if a primary method of ongoing management compensation is through the granting of options for the purchase of additional shares rather than through the award of substantial cash bonuses. Recognizing that compensation derived solely from stock options could be dilutive over time, Southeastern believes that there should be an appropriate balance between stock option grants and cash compensation, and that both should be related to the achievement of overall corporate profitability. Southeastern will therefore favor the adoption or continuation of reasonable, non super-dilutive stock option plans and will support the election of directors who couple granting of stock options and annual cash compensation with improved corporate profitability.

- Super-dilutive Stock Option Plans.

Explanation. Stock option plans with excessively large authorizations to issue additional shares at the discretion of the Board of Directors can be harmful to existing shareholders in two respects. First, such plans may be used to increase the ownership position of current management on terms and conditions not available to non-management affiliated minority shareholders; second, such plans may be used to ward off a hostile takeover by issuing additional shares to current management on a basis which is more favorable than is available to other shareholders. The appropriate number of unissued shares allocated to a stock option plan as a percentage of outstanding shares may vary and can be discretionary, depending on the circumstances. Southeastern generally will oppose the adoption of stock option plans providing for unusually large share authorizations which appear to exceed the needs for reasonable executive compensation.

- Reasonable Employment Contracts and "Golden Parachutes."

Explanation. To retain effective top management teams, a company needs to provide protection against the fear of preemptory dismissal should a hostile takeover attempt be successful. Although Southeastern generally opposes structural anti-takeover measures, it will support a Board of Directors which enters into employment contracts for limited, rolling time periods (such as 3 years), and provides reasonable "parachutes" or termination compensation for an effective top management group.

- Share Repurchase Programs.

Explanation. During periods when a portfolio company's shares are materially underpriced, the best allocation of capital may be the repurchase of shares rather than expansion of the company's businesses or an increase in corporate dividends. Shrinkage of the company's common capitalization can have the effect of substantially increasing shareholder wealth for those shareholders able to continue their investment. Southeastern will accordingly support Boards of Directors entering into share repurchase programs during periods when common shares are materially underpriced.

- Cumulative Voting and Pre-emptive Rights.

Explanation. Cumulative voting enables minority shareholders, including an investment adviser casting votes for its clients, to aggregate the number of votes available for all directors and assign these votes to a single director. Thus, some minority shareholders might own sufficient shares to be able to elect a designated representative to the Board, and thereby achieve a larger voice in the corporate management process. The presence of pre-emptive rights preserves a right of first refusal for existing shareholders to acquire newly issued shares on the same terms as the shares might be offered to a majority or control group, thereby enabling minority shareholders to maintain the same pro-rata percentage of voting control.

The charters of most corporations formed in recent years do not contain provisions for cumulative voting or pre-emptive rights. Because these provisions protect the rights of minority shareholders, Southeastern would usually oppose a proposal for elimination of such rights in situations where they presently exist.

- "Blank Check" Preference Stock.

Explanation. "Blank Check" preference stock allows a Board of Directors, without subsequent shareholder approval, to issue unlimited series of preference stock under terms and conditions determined wholly by the Board. Such terms and conditions may include preferential voting rights, dividends, and conversion rights which could be substantially dilutive for common shareholders. Such preference shares could also be issued by the Board to support questionable corporate financing proposals or as an anti-takeover measure. Because of the potential for dilution of common shareholders, Southeastern will generally oppose the adoption of "blank check" preference stock provisions.

- "Greenmail" Share Repurchases.

Explanation. Unlike normal share repurchase programs which are implemented when a company's shares are materially underpriced, "greenmail" repurchases of outstanding shares are usually made at inflated share prices for the purpose of eliminating a potential acquirer. As a result, such "greenmail" payments usually have both the immediate and long-term effect of limiting rather than enhancing shareholder value and may interfere with natural market forces. Southeastern will generally oppose the re-election of Boards of Directors which engage in "greenmail" repurchases in circumstances which would not enhance long-term shareholder value.

- Structural Anti-takeover Defenses.

Explanation. In most situations, the adoption of anti-takeover defenses which become part of the corporation's organizational structure have the effect of limiting natural market forces on the trading price of a company's stock. Such structural or permanent provisions include the following: staggered terms for the Board of Directors, under which Board terms run for more than one year and less than all directors are elected each year; supermajority shareholder approval for merger or acquisition proposals not approved by the Board of Directors; and adoption of "poison pills" designed to damage the capital structure of either the acquiring or the acquired corporation in a non Board approved merger or takeover.

Southeastern generally will oppose the adoption of these types of structural anti-takeover defenses, and would generally favor their removal in corporate charters where they presently exist. There may be exceptions to this policy, however, if management has demonstrated that it pursues policies to create shareholder value and is otherwise shareholder-oriented.

- Right to Call Meetings

Explanation. Southeastern generally opposes proposals seeking to limit the ability of shareholders to call special meetings and vote on issues outside of the company's annual meeting. Limiting the forum in which shareholders are able to vote on proposals could adversely affect shareholder value

- Mergers, Acquisitions, Reorganizations, and other Transactions

Explanation. Shareholders may be faced with a number of different types of transactions, including acquisitions, mergers, reorganizations involving business combinations, liquidations and sale of all or substantially all of a company's assets, which may require shareholder consent. Voting on such proposals involves considerations unique to each transaction, so Southeastern votes such matters on a case-by-case basis.

- Environmental, Social, and Ethical Issues

Explanation. Southeastern recognizes the overall benefit that is provided to society in general when its portfolio companies act in a responsible manner as a good corporate steward in areas of environmental, social and ethical matters. Therefore, as a general policy, Southeastern will be supportive of and vote in favor of proposals that, in Southeastern's opinion, would further such causes. However, such areas can be highly subjective and can, at times, be in conflict with what we consider to be in the long-term best interests of the shareholders. Therefore, Southeastern will give due regard to such proposals and will consider these matters on a case-by-case basis.

#### IV.

### SOUTHEASTERN'S PROXY VOTING PROCEDURES

**Monitoring for Proxies and Corporate Actions.** Southeastern has implemented procedures designed to ensure that it receives the proxies and corporate actions for which it is responsible, and that these proxies and corporate actions are reconciled with the reported holdings of its clients as of the record date for voting, and then voted prior to applicable deadlines.

Regarding proxies, Southeastern has hired a third-party service provider to assist in monitoring for meetings. Each business day, Southeastern sends an updated file of holdings in each client portfolio where Southeastern has voting discretion to this administrator. The administrator has undertaken the task of collecting ballots and notifying Southeastern of all record and meeting dates for these holdings. Upon notification of upcoming meetings, Southeastern's Proxy Coordinator identifies all clients who hold the security as of the record date, and the number of shares held. It is the Proxy Coordinator's job to ensure that voting decisions are made with respect to each client account and that such decisions are transmitted prior to applicable deadlines. The

administrator assists and follows through with the implementation of Southeastern's voting decisions for each of its client accounts where voting discretion has been granted.

It should be noted that if Southeastern or its clients enter into a securities lending arrangement with respect to securities in a client's portfolio, Southeastern may not be able to vote proxies on those particular shares. In addition, with respect to non-US holdings, record and meeting dates may be announced with very little time to respond or may be in jurisdictions requiring unique additional documentation (e.g., powers of attorney) from Southeastern or its clients. In such circumstances, Southeastern will vote on a best efforts basis. In some non-US markets, shareholders who vote proxies are not able to sell in the company's stock within a given period of time surrounding the meeting date. Southeastern coordinates voting such proxies with its trading activity, and in some cases may not vote such proxies where doing so would impair its trading flexibility. Southeastern may also refrain from voting where shares of a particular holding have been sold out of all client accounts prior to the meeting date. In summary, Southeastern may refrain from voting in situations where the cost of voting exceeds the expected benefit.

Regarding corporate transactions, information is available from a number of sources. Information usually comes first to the Southeastern portfolio management group and specifically to the particular co-manager or analyst primarily responsible for the portfolio holding. This information generally comes through press releases reported on electronic media services or in financial media. In addition, Southeastern personnel routinely monitor news and events relating to portfolio holdings of clients, and accordingly learn of corporate actions which may require a response. Similarly, custodian banks receiving notification of corporate actions from issuers in turn notify Southeastern. Not all corporate actions require a response (such as dividend payments or stock splits), and Southeastern will not normally respond where the default action is the desired outcome. Corporate actions which do require a response are handled by Southeastern's Head of Portfolio Accounting or his designee.

**Decisions on Proxy Voting.** Proxy Statements issued by portfolio companies are reviewed by the investment analyst assigned responsibility for the particular portfolio company. Proxies are voted in accordance with the general policies as described in Part II above. Any internal recommendation to consider voting in a manner contrary to the recommendations of the company's Board of Directors is presented to Southeastern's CEO or President for final decision before implementation. In addition, a conflict of interest review is performed with respect to each vote (see "Conflicts of Interest" below).

**Attendance at Shareholders' Meetings.** A representative of Southeastern may attend shareholders meetings where there are special or unusual issues to be presented to shareholders. If Southeastern has determined to oppose management's position, the representative may vote the shares of its clients in person rather than using the normal proxy voting procedures to return proxies to management.

**Conflicts of Interest.** Occasions may arise where Southeastern or one of its personnel could have a conflict of interest with respect to a particular proxy vote. For example, there may be occasions where Southeastern has invested client assets in a company for which Southeastern also provides investment management services, or one of Southeastern's clients may have a material interest in the outcome of a vote. It is also possible that Southeastern's personnel may have a personal conflict of interest with respect to a vote, such as familial relationship with company management.

Southeastern considers potential conflicts of interest with respect to each voting decision. Any individual participating in a voting decision who has a personal conflict of interest shall disclose that conflict to the Proxy Coordinator and the Proxy Conflict Committee for review, and shall otherwise remove himself or herself from the proxy voting process. In addition, personnel involved in voting decisions must consider any Southeastern conflict of interest and report such conflicts to the Proxy Coordinator and the Proxy Conflict Committee, which also separately considers conflicts of interest which may be applicable to a vote. Before the Proxy Coordinator can submit voting decisions for execution, a representative of the portfolio management team and two representatives of the Proxy Conflict Committee must initial Southeastern's internal proxy form indicating that they are not aware of a conflict of interest.

In cases where a conflict of interest has been identified, Southeastern's Proxy Conflict Committee will prepare a report prior to execution of a voting decision which contains the following:

- the nature of the conflict;
- an evaluation of the materiality of the conflict; and
- if the conflict is material, the procedures used to address the conflict.

Two out of three members of the Proxy Conflict Committee must approve the report. Such reports will be kept pursuant to the policies set forth under "Record Retention" below.

If a conflict is material, Southeastern will attempt to disclose the conflict to affected clients, including private account clients and/or the Longleaf Partners Funds' Boards of Trustees, and either obtain consent to vote on a given voting occasion or vote in accordance with instructions from the client and/or Longleaf Board of Trustees. Where consent has been given for Southeastern to vote, it will treat a proxy vote as it would any other and vote according to the principles stated herein, with the governing principle being what is in the best interest of the company's shareholders. If Southeastern is not able to reach affected clients in time to obtain consent, or obtaining consent is not otherwise feasible, Southeastern may vote in accord with guidance provided by a proxy service provider independent of Southeastern.

In evaluating the materiality of a conflict, Southeastern will consider a number of factors, including:

- whether Southeastern has been solicited by the person or entity creating the conflict;
- whether the size of Southeastern's business relationship with the source of the conflict is material in light of Southeastern's total business;
- whether Southeastern's voting power or voting decision is material from the perspective of the source of the conflict;
- other factors which indicate Southeastern's voting decision has not been impaired or tainted by the conflict.

If Southeastern concludes that the conflict is not material, the conflict of interest report will state the basis for this determination, and Southeastern will vote in the manner it deems in its clients' best interest.

**Record Retention.** As required by Adviser's Act Rule 204-2(c)(2), Southeastern maintains with respect to its clients:

- copies of its proxy policies and procedures;
- copies of proxy statements received regarding client securities (Southeastern will either keep a copy, rely on a copy obtained from the SEC's EDGAR system, or will hire a third-party service provider to retain copies and provide them promptly upon request);
- a record of each vote cast on behalf of a client (Southeastern will either retain this record itself or hire a third-party service provider to make and retain such records and provide them promptly upon request);
- copies of documents created by Southeastern that are material to a voting decision or that memorialize the basis for the decision (including conflict of interest reports);
- copies of each written client request for information on how Southeastern voted on behalf of a client, and a copy of Southeastern's written response to any written or oral client request for information on how Southeastern voted its proxy.

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