



## PROXY VOTING POLICIES AND PROCEDURES

### Purpose and General Statement

The purpose of these proxy-voting policies and procedures is to set forth the principles and guidelines by which Polunin Capital Partners Limited (“the Adviser”) votes the securities owned by its clients where the Adviser may exercise voting authority and discretion (the “Proxies”) and for which it receives proxy statements.

These policies and procedures have been designed to ensure that Proxies are voted in the best interests of clients in accordance with the Adviser’s fiduciary duties and rule 206(4)-6 under the Investment Advisers Act of 1940 (the “Advisers Act”). The Adviser’s authority to vote the Proxies is established by investment management agreements or comparable documents with clients, and the proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition, the proxy voting guidelines reflect the fiduciary standards and responsibilities for ERISA accounts set out in Department of Labor Bulletin 94-2. These policies and procedures do not apply to any client that has explicitly retained authority and discretion to vote its own proxies or delegated such authority and discretion to a third party; the Adviser takes no responsibility for the voting of any proxies on behalf of any such client. For those clients that have delegated such authority and discretion to the Adviser, these policies and procedures apply equally to registered investment companies and institutional accounts.

These proxy voting policies and procedures are available to all clients of the firm upon request, subject to the provision that these policies and procedures are subject to change at any time without notice.

Separate account clients who wish the Adviser to vote their proxies must grant discretion expressly in a written statement maintained in their files, or within the investment advisory/management agreement with the Adviser.

### General Approach to Proxy Voting

The guiding principle by which the Adviser votes on all matters submitted to security holders is the maximization of the ultimate economic value of clients’ holdings. For ERISA and other employee benefit plans, the Adviser is mindful that the focus on the realization of economic value is solely for the benefit of plan participants and their beneficiaries. In voting proxies, the Adviser is also mindful of environmental, social and governance (ESG) issues and its approach to voting on ESG matters is set out later in this document.

The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, the principles set forth above. It is the Adviser’s policy to avoid situations where there is any conflict of interest or perceived conflict of interest affecting voting decisions. Any conflicts of interest, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures.

It is the general policy of the Adviser to vote on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. It is also the general policy of the Adviser to vote with management in favour of meeting agenda items. However the Adviser will vote against a proposal if, in the Adviser’s view, its implementation would have negative consequences for shareholder value. An example of this would be a proposal to sell property or assets at significantly below market value, or to restrict shareholder rights. The Adviser uses its internal analytical resources (its investment team) to judge whether a proposal is potentially negative for shareholder value.



In addition, the Adviser reserves the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of the Adviser, the costs associated with voting such Proxy outweigh the benefits to clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of our clients, in the judgment of the Adviser.

**Conflicts of Interest.** All associates of the Adviser are expected to perform their tasks relating to the voting of Proxies in accordance with the principles set forth above, according the first priority to the economic interests of the firm's clients. If at any time any associate becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding the voting policies and procedures described herein or any particular vote on behalf of any client, he or she should contact the Compliance Officer. If any associate is pressured or lobbied either from within or outside of the Adviser with respect to any particular voting decision, he or she should contact the Compliance Officer. The Chief Investment Officer will use their best judgment to address any such conflict of interest and ensure that it is resolved in the best interest of the clients. The Chief Investment Officer may cause any of the following actions to be taken in that regard:

- vote the relevant Proxy in accordance with the vote indicated by these policies and procedures;
- vote the relevant Proxy as an Exception, provided that the rationale on which the voting decision is based is in the best interest of the client.

## General Policies to Voting Resolutions at regular shareholder meetings

The range of resolutions presented for vote at regular shareholder meetings, such as the Annual General Meeting, is quite similar across global markets and will often include some or all of the following:

- Approval of financial statements and statutory reports;
- Dividend distribution;
- Election of directors;
- Approval of remuneration of directors;
- Election of supervisors;
- Auditor appointment and approval of auditor remuneration;
- Capital raising requests;
- Compensation proposals.
- Related-party transactions;
- Amendments to the articles of association;
- Debt issuance requests;
- Provision of guarantees;
- Mergers and acquisitions.

The Adviser's general voting policies with respect to each of these agenda items is set out below:

### 1. Approval of Financial Statements and Statutory Reports

Vote 'For' the approval of financial statements and director and auditor reports unless there are concerns about the quality of the audit, or the auditor has qualified the accounts and the company does not wish to, or is unable to explain fully the reason behind this.



## 2. Dividend distribution

Vote 'For' an approval of the dividend, unless the Adviser determines the payout ratio is consistently too low without adequate explanation, or the proposed payment is excessive given the company's financial situation.

## 3. Election of Directors

Vote 'For' the (re)election of directors unless there are clear or suspected conflicts of interest in an appointment, such as a nominee is an executive director being proposed for the audit committee, or the nominee for the audit committee was a partner in the company's auditor within the last three years. The Adviser may choose not to vote 'For' any nominees who are Politically Exposed Persons, either through having held political office or military positions, or who have known association with a country's leadership.

The Adviser may vote against or withhold a vote from individual directors, members of a committee, or the entire board due to:

- Reasons of the composition of the Board, such as when less than one third of the Board is independent, or lack of a framework to identify diverse candidates for open board positions
- Material failures of governance, stewardship, risk oversight (including, but not limited to, environmental, social, and climate change issues), or fiduciary responsibilities at the company.
- A lack of relevant expertise to bring to the Board position, or evidence of poor code of conduct by an individual whilst fulfilling their duties on the Board of another firm, that calls into question their ability to act in the best interests of the company and its shareholders.
- Directors who are members of an excessive number of corporate boards. The Adviser defines excessive as: Director nominees who serve on more than a total of 5 public company boards; and a chief executive officer of a public company who serves on more than one board other than the company where the individual is chief executive officer.

The Adviser will support the chairman of the Board being an "independent" director, and support proposals that request that a company take the steps necessary to separate the roles of chairman and chief executive officer.

The Adviser will scrutinize boards more closely in terms of independence and overall performance, where the tenure of a director exceeds 10 years.

These factors in deciding how to vote on straightforward Board nominations are also considered when reviewing contested elections. In these situations, the Adviser also determines whether the proposed changes to the Board are warranted, and if so, whether the proposed candidate(s) are suitably qualified to bring about positive developments in the company's business, such as maximising long-term shareholder value.

## 4. Election of Supervisors

Not all jurisdictions require a supervisory board to be appointed, but where these do exist the Adviser will generally vote 'For' candidates unless they already hold an executive position at the company, have been a partner of the company's auditor within the last three years, or there is reason to doubt their fitness and propriety for the position.

## 5. Remuneration

Vote 'For' Directors' fee unless:

- they are excessive in comparison with industry peers;
- there is a clear divergence or disconnection between the company's financial performance and proposed remuneration;
- remuneration is not expensed and reported within the primary accounts, or is only disclosed in footnotes to the accounts.
- Vote 'For' stock option or equity compensation plans unless:
- the proposed maximum dilution of the scheme exceeds 10% of issued capital and/or vesting periods and performance benchmarks are not deemed meaningful or challenging enough in relation to the share award.
- the price at which stock options are granted, or may be exercised, is deemed overly favourable in comparison with the prevailing share price, and there is no justification for the price disparity or any conditional requirement for a performance benchmark to be met.

## 6. Auditors

Vote 'For' the appointment of auditors and their remuneration unless the auditor is being changed without clear reason, or there are material concerns around the process or result of the financial audit in the latest fiscal year.

## 7. Capital raising

Vote 'For' a mandate for general share issuance (without pre-emptive rights) as long as requested issuance is limited to 10 per cent. or less of outstanding equity, and a maximum 10% discount to the prevailing share price. These limits should also include any mandate to reissue shares repurchased under a repurchase plan.

Vote on a case-by-case basis on any private placement issuance requests, with due regard to:

- the proposed dilution this will cause to existing shareholders;
- the level of price discount to prevailing market value that will be offered;
- preferential access to, or pricing of any securities which are not offered to all existing shareholders.

In order to vote 'For' a public rights offering, the number of new shares should not exceed 30% of outstanding shares in issue.

Vote 'Against' the creation or extension of multi-class voting stock or variable-interest-entity (VIE) structure, as the Adviser believes that this violates the principle of "one share, one vote" and enables management to circumvent the need to seek support from a true majority of shareholders to remain in control of the company.

## 8. Related party transactions

Vote 'For' recurring transactions that are part of service level agreements between the company and related entities, such as agreements on the purchase or sale of goods, or the extension of leases on property and equipment.



Vote on a case-by-case basis on transactions that involve the one-off transfer of tangible or intangible assets; the movement of debt or other obligations between entities; the provision, receipt or guarantee of financial services; transactions that involve a subscription for debt or equity issuances.

## 9. Amendments to the Articles of Association

Vote on a case-by-case basis where amendments are proposed, with particular sensitivity to instances where these are related to change of business or financial structure. Vote 'Against' any evidence of state political pressure influencing a company's decision to change its constitutive documents, and in cases where the company has not provided any rationale for proposed changes.

## 10. Debt issuance requests

Vote on a case-by-case basis taking into account:

- The integrity of reasoning behind the proposed use of proceeds;
- Cost and maturity of debt (which may create servicing issues in the future) and, if convertible, the potential future dilution to shareholders;
- Size of proposed issue (in relation to existing debt, and the assets of the company);
- Existing financial position (leverage) of company, and the risk to company if issuance is not approved (such as lost business opportunities, or cashflow constraints).

## 11. Mergers and acquisitions

Vote on a case-by-case basis, taking into account:

- The business case for the deal – does it make strategic sense, and is it likely to add value?
- The proposed valuation of the acquisition, or terms of the merger – are existing shareholders being disadvantaged in any way?
- Conflicts of interest – is this a hands-off deal, or are there insiders on the Board/ownership of the company that will benefit disproportionately if this goes ahead?
- What are the implications for governance of the combined entities after the deal? Will it be for the better, or worse?

## Environmental, Social, & Governance Issues

The principles laid out in our Responsible Investment policy and Climate Change policy apply to our proxy decisions on ESG practices.

### 1. Climate change

Vote 'For' proposals requesting the company to report on its policies, initiatives and oversight mechanisms related to environmental sustainability, and on the financial, physical, or regulatory risks related to climate change.

The Adviser may withhold support from directors in the event that a company:

- Lacks board oversight of ESG matters;
- Fails to report on material climate information;
- Fails to consider transition strategies;
- Supports policies and actions that adversely affect low carbon transition;
- Refuses to engage constructively on the above issues.

## 2. Human and labour rights

Vote 'For' proposals that encourage the adoption of a diverse search policy to enhance board diversity, and policies to address diversity and leadership development in women's and racial minorities' advancement to senior management positions.

Vote 'For' independent verification of a company's contractors' or suppliers' compliance with International Labor Organization (ILO) standards such as freedom of association and effective recognition of the right to collective bargaining, elimination of discrimination with respect to employment and occupation, abolition of forced labour and child labour.

The Adviser will vote 'Against' approval of accounts or director elections where there is significant breach and lack of remediation in human rights, community issues, indigenous rights, and employee rights or diversity, as covered by the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

## Water use, deforestation, and biodiversity loss

The Adviser supports shareholder resolutions relating to the disclosure and management of environmental impacts of company operations.

## Proxy Voting Procedures

The Adviser has elected to vote proxies using the web-based proxy voting platforms offered by Broadridge Financial Solutions Inc, and Institutional Shareholder Services (ISS), and which are adopted by global custodians. It is for the client to instruct its custodian to have required powers of attorney in place to allow the Adviser to vote proxies, and to select and set-up the web-based service to be used by the Adviser for voting on behalf of the client. The Adviser receives email notice from the voting platform of upcoming proxies to be voted, and has access to a full audit trail of votes cast on behalf of each client.

The Compliance and Risk Officer, Paul Parsons, is responsible for proxy voting at the Firm. He is well qualified to undertake a review of the meeting agendas that need to be voted, given his 18 years of prior experience as a senior portfolio manager. He liaises directly with the Firm's investment analysts on upcoming proxy voting, and will seek recommendations from them for voting on proposals where it is deemed a vote 'For' might prove contentious.

## Record Keeping

The Adviser has access to records of all proxies voted in accordance with Section 204-2 of the Advisors Act. These are available through the reporting functions (which access a full audit trail of voting) provided on the web-based proxy voting platforms. As



required and permitted by Rule 204-2(c) under the Advisers Act, the following records are maintained by the Adviser or on the voting platforms accessed by the Adviser:

- a copy of these policies and procedures;
- proxy statements received regarding client securities unless such proxy statements are available on the Securities and Exchange Commission's EDGAR database, in which case the firm relies on such electronic copies on EDGAR;
- a record of each vote cast;
- each written client request for proxy voting records and the adviser's written response to any (written or oral) client request for such records.

The Proxy Voting Policies and Procedures shall be reviewed annually by the Compliance and Risk Officer.