

## ENGAGEMENT REPORT 2H22

### Proxy Voting

In 2H22 we participated in 137 meetings, and in 17.5% of them we cast at least one vote against management.

Polunin Capital believes that governance is critical in how companies manage environmental and social risks and opportunities, and to ensure the sustainability of companies' businesses, management should conduct a complete risk analysis of operations, including those with material environmental and social implications. All companies should ensure that boards have clear oversight of material environmental and social issues, and measures in place to mitigate associated risks, and capitalise on related opportunities.

### Engagement

Collective engagement: In August the Workforce Disclosure Initiative ('WDI') engagement period started. We contacted Arcelik, ASMPT, BRF, Cemig, LG Electronics Penoles, and Sun Art, from which we successfully engaged with Sun Art and ASMPT.

Following a meeting with the head of HR at Sun Art and WDI representatives, the company agreed to participate in the 2022 survey. As this was the first year the company completed the survey we hope that this will help to inform and shape their workforce reporting going forward, and we will support their continued participation next year.

During our meeting with ASMPT we presented the advantages of partaking in the WDI survey from an investor perspective, and we took the opportunity to discuss their carbon emissions reporting, the timetable for TCFD-aligned reporting, as well as setting SBT targets. The company appreciated the usefulness of the WDI survey and agreed to consider participating next year once they had completed the work on carbon emissions reporting, and had more clarity on the supply chain audit timetable.

Working with WDI has helped us understand that whilst policy commitment on a particular social issue is a good proxy on whether an issue is on a company's radar, EM companies have a long way to go in disclosing process and outcomes. As companies often operate in regions with supply-chain human rights risks, and diversity and pay gap issues are increasingly highlighted in the press, we will continue to raise awareness of the importance of social disclosures with investees.

Coal Exit: During 2H22 we continued our engagement with Banpu, meeting with management and the IR team, followed by email and phone communications, as we pressed the management to articulate more measurable and concrete targets on Coal Exit. Over the last year the company announced targets and commitments including:

- to only maintain operations in their current coal assets during the duration of mine life, with zero allocation towards any capital investments in their mining operations;
- continued investments in renewables, electric vehicles, and other alternative energy assets;
- GHG emission reduction between 2021 and 2025 by 7% in mining, and by 20% in power generation;
- publication of the first TCFD-aligned report in 2023;



- conducting scenario analysis, including one aligned with the 2°C pathway;
- appointment of an ESG Committee with board representation;
- establishing business targets in line with environmental UN Sustainable Development Goals (SDGs).

We are encouraged by the positive steps Banpu has taken in the decarbonisation journey, as we continue to evolve our engagement approach and encourage more companies to take concrete action to decarbonise in the coming year.