STEWARDSHIP CODE - ANNUAL REPORT

POLUNIN CAPITAL PARTNERS LIMITED

2024

PRINCIPLE 1 ***Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.***

Polunin Capital Partners Limited ('PCPL', 'the Firm', or 'Polunin Capital Partners') manages assets for a range of institutional clients including pension funds, endowments and commingled investment funds. Throughout the year the Firm was only investing in Emerging Market and Frontier Market equity securities. Investments in UK and European equity securities (which derive the majority of their revenues from, or have significant investments in, Emerging or Frontier Markets) formed a small part of the Firm's investment universe.

Purpose

The Firm's guiding principle is to maximise the long-term economic value of clients' holdings, using a proprietary replacement value methodology that has been successfully applied and refined over decades and through various cycles. As stewards of clients' capital and as long-term investors, the sustainability of investees' business models can be important to investment considerations, as issues such as climate change, resource constraints, diversity, and gender equality create risks and opportunities in our investment universe. Incorporating Environmental, Social and Governance ('ESG') criteria into our bottom-up investment process enables us to make better risk-adjusted investment decisions.

Culture

As an employee-owned firm, we emphasise long-term group equity ownership, which is aligned with performance-based remuneration, with robust compliance and risk-management frameworks, to deliver long-term positive outcomes for clients, stakeholders, and our business.

PCPL aims to foster an inclusive environment where employees are engaged and participate in driving the Firm's strategic objectives. All employees are responsible for upholding the highest standard of integrity, trust and transparency being paramount to clients and stakeholders alike.

Strategy

PCPL believes responsible investment can make a significant contribution to our ability to meet our fiduciary duty to our clients, who expect us to maximise the returns on their investments. Issues such as equality, sustainable development, and climate change affect not only societies, but potentially the long-term performance of companies, and outcomes for financial assets. The Firm's philosophy is to focus on direct engagement with a view to affecting operational changes that result in improvements to ESG factors that in turn will act as positive catalysts to share price performance.

In 2019 we established our first ESG policy, and ESG Committee. We began standardising ESG due diligence on an individual strategy basis, with our core strategies utilising in-house ESG scoring, covering a comprehensive range of ESG issues - from climate change to human rights and diversity, which are mapped to the United Nations Sustainable Development Goals ('UN SDGs') and are incorporated into investment analysis and active ownership when they are material. We seek to assess the current and future ESG risks and opportunities of a company, and how they affect a company's potential to reach fair value.

We became a signatory of the United Nations-supported Principles for Responsible Investment ('UNPRI') in Dec 2020, and fully revised our Responsible Investment, Climate Change, Proxy Voting, and Exclusion Policies in early 2021, to demonstrate our commitment to investing responsibly.

We monitor the progress of and continue to improve our ESG and Stewardship processes. For example, following our first UNPRI assessment, we began to publish our proxy voting on a quarterly basis, and in 2022 we published our first Taskforce on Climate-related Financial Disclosures ('TCFD') report.

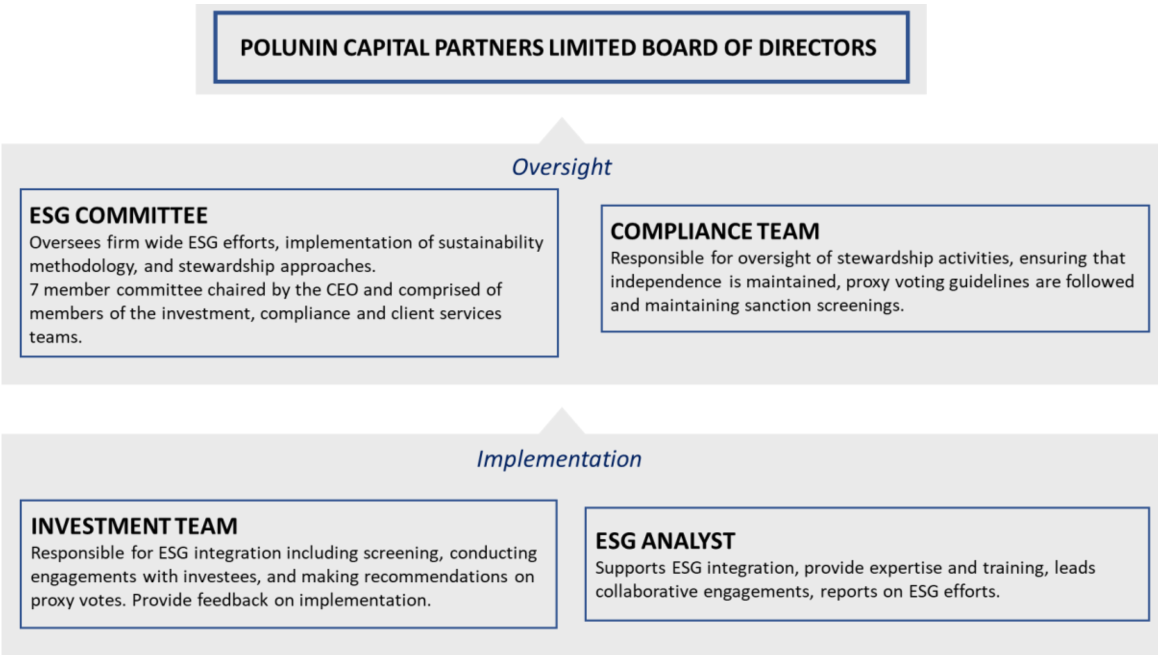
In 2023 we fully revised our engagement approach to set targeted objectives on our investees, designed to improve the sustainability outcomes of companies over 4 years.

In early 2024 we joined Spring, UNPRI's stewardship initiative, to learn more about standards and methodologies in biodiversity to enable us to more effectively engage with investee companies in respect of these issues.

We are mindful of the risk that investment 'style drift' can arise from pursuing a too prescriptive, exclusion-based application of stewardship principles, which is why we have adopted a methodology focused on engaging with investee companies to effect changes and improved transparency to safeguard the long-term economic value of our portfolio holdings. We believe that this approach best serves the interests of our clients, who are mainly well-informed institutional investors; the client feedback we have received on our engagement approach has been broadly supportive.

PRINCIPLE 2 *Signatories' governance, resources and incentives support stewardship.*

ESG & Stewardship governance structure



The **PCPL Board of Directors** has oversight of the company's strategy and investment objectives and has ultimate responsibility for ESG integration into the investment process and portfolio construction.

Our responsible investment methodology, policy and reporting are overseen by the **ESG Committee ('ESG')**, which is chaired by our CIO, with membership drawn from our investment, compliance and client service teams. The ESG Committee oversees the development of our responsible investment policy and the methodology for implementing ESG processes within core investment processes. The ESG Committee meets at least quarterly.

Our 15 **investment professionals** groupwide are responsible for the ESG scoring of their sector and company coverage, for making proxy voting recommendations, and for leading engagement with companies. Our lead analysts have a deep understanding of the regulatory, cultural and competitive backdrop of the particular countries and sectors our investees operate in, and this knowledge forms an important part of gaining rapport with investees in engagement activities.

Within our **investment team** there is a nominated **ESG analyst**, who has achieved the CFA Certificate in ESG Investing. The ESG analyst supports our CIO in the continued integration of ESG into the management of our portfolios, drawing upon their expertise and knowledge, keeping abreast of new ESG developments and policies, and delivering ongoing ESG training in-house as required.

The **Compliance team** is responsible for oversight of stewardship activities, ensuring that independence is maintained, and proxy voting guidelines are followed. Compliance monitors and ensures that investment processes and products comply with regulations and investment management agreements.

We use ISS databases to support pre-investment checks for breaches of norms, and controversial weapons exclusions. Our internal ESG checklist analyses portfolio companies on their ESG preparedness based on eight sustainability outcome objectives (please refer to Principle 7), plus other company specific issues, and pertinent sectoral concerns. Our research is based on publicly available information such as annual reports, annual sustainability reports, news articles, regulatory disclosures, and risks identified by the Reprisk dataset. We combine the checklist with the Reprisk rating (reflecting controversy risk exposure) and Refinitiv ESG scoring (a quality measure) to prioritise investees for engagement, and to identify key engagement topics. The sector investment analyst files written reports on the annual ESG review, and adhoc event-driven engagement.

Whilst Glass Lewis provides the Firm with proxy voting recommendations, and we often refer to their historical recommendations on governance-related engagements, our investment team performs its own assessment of the facts before determining how to vote a particular proxy.

Climate-related datasets from ISS are used in assessing portfolio climate impact and carbon emission exposures, in particular for TCFD reporting.

PCPL's remuneration policy aims to align compensation with the interests of clients and long-term performance of the Firm. Each individual's performance assessment includes consideration of their compliance with internal policies and procedures, including ESG policies and procedures, alongside their contribution to the strategic objectives of the Company.

With our Emerging Markets focus it is advantageous for us to employ a highly diverse workforce, including many from the emerging market countries in which we invest, to properly execute our investment process. Across the Polunin group out of 28 employees and 2 independent contractors, a very wide range of nationalities are represented and mostly from developing countries. In response to our Firm's 2024 Polunin group annual diversity survey over 44% of staff identified as racially or ethnically Asian, over 7% identified as Latino, and just over 11% identified as having mixed or multiple ethnic or racial groups. A third of our staff identified as female, with a third of working directors identifying and 20% of senior management identifying as female to our 2024 survey. We offer flexible working opportunities, which we feel enable us to attract a wider range of applicants to the Firm. Prospective employees are interviewed by a series of different staff before an offer is made, ensuring diversity in the selection panel. Most of the Firm's future growth in staffing is anticipated to be within our investment team where the benefits to the investment process of ethnic diversity have been self-evident to the Board for many years. Diversity -- including skills, experience, ethnicity and gender -- is just as important at Board level.

Through our ESG Committee meetings we continually assess the effectiveness of our governance structures and processes, and review whether internal requirements and client expectations are being met. We have Board level commitment to ensure that sufficient resources are deployed in support of our ongoing ESG and stewardship initiatives, from headcount to third party ESG data purchases from third party specialist ESG data providers.

PRINCIPLE 3 ***Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.***

The Polunin group is privately owned enterprise, with the majority of staff owning an equity interest, and in which the original founders and majority shareholders are actively involved in day-to-day management. PCPL recognises the importance of managing potential conflicts of interest on behalf of its clients when voting their shares and engaging with investee companies. PCPL will consider all potential conflicts of interest that identifies, or which are brought to its attention, and will determine if a material conflict of interest exists. Our principal objectives when considering matters such as engagement and voting are always to act in the best interests of our clients and to treat them fairly.

The Firm's Compliance team and Board are responsible for implementing systems and controls designed to review potential and actual conflicts of interest on a quarterly basis. Conflicts can arise in situations when the Firm:

- is likely to make a financial gain, or avoid a loss, at the expense of a client (including the funds managed by the Firm and their investors);
- Has an interest in the outcome of a transaction conducted on behalf of a client, distinct from the client's interest in that outcome;
- Has incentive to favour the interests of one client over another;
- Conducts the same business as the client; or
- Receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.

Policies and procedures relating to conflicts of interest are available on the Firm's website (https://polunin.co.uk/conflicts-of-interest-policy/). If a potential conflict is identified, business functions will be segregated to maintain independence and to prevent the identified conflict from crystallising. This may include information barriers, separating functions and adding supervision, or reassigning functions altogether.

All staff members receive conflicts of interest training and are required to attest quarterly to Compliance that they understand the Firm's conflicts of interest policy, including disclosing any personal conflicts such as their personal trading activities, the receipt of gifts, benefits or entertainment and outside business interests.

The Firm has an order aggregation and allocation policy which governs the management of buy and sell orders across accounts sharing the same investment strategy, aiming to ensure fairness to clients through consistency in transaction prices and equitable allocation of part-dealt orders. The policy's implementation and adherence to it is overseen by the Firm's Operations and Compliance teams.

The ESG Committee comprises staff members from the broad range of departments at the Firm, and includes the CEO who is also the Chief Investment Officer. The structure of the Committee ensures broad involvement in policymaking and is designed to engender the consistent dissemination and implementation of policies and procedures throughout the organisation, aiming to minimise the risk of conflicting activities occurring.

Staff members are required to obtain prior approval from Compliance before engaging in any employment outside of their employment with the Firm. Staff members are also required to obtain approval from Compliance prior to taking an interest or accepting an appointment in any outside business, and in particular before becoming a director, an officer or adviser to a company, charity, or any other entity, whether it is a paid position.

The groundwork was laid in 2024 for PCPL to commence securities lending activities for certain clients. Arrangements were structured to ensure that all client revenue (net of bank securities lending agency fees) will be retained by the relevant accounts. Securities lending commenced in the first quarter of 2025. PCPL as investment manager is remunerated through its management and performance fees and does not charge any additional fees or recharge costs to our clients in respect of securities lending.

The review of conflicts of interest is dynamic, with the Compliance team raising any perceived or potential issues with senior management at the Firm whenever they arise, and as a standing item at the Firm's regular quarterly Board meetings.

The Compliance team retains control over the submission of proxy votes, to ensure that voting intentions do not come into conflict with the Firm's proxy voting policies, and that voting is consistent across all clients. Where the Firm is permitted to vote on behalf of client mandates, it has full discretion to do so; meaning that the potential for client voting instructions to come into conflict with the Firm's voting policies is very unlikely to arise. During the calendar year 2024 reporting period, the Firm has not identified any actual conflicts of interest in connection with its stewardship or engagement activities.

Potential conflict case study 1: Chief Investment Officer's personal holding in one of the Firm's investment products.

How it would be addressed: We continue to monitor and manage carefully any potential conflicts of interest arising from senior management and client investors' overlapping investment. Aside from measures to mitigate the risk of single-person bias in trading and investment activity, any potential conflicts with other shareholders on proxy voting matters are mitigated by the Compliance team having oversight of exercising the proxy voting.

Potential conflict case study 2: An analyst or fund manager is made an insider in the course of discussion with a company.

How it would be addressed: The Firm's Restricted List is updated to include the company name, and the reason for a trading restriction being imposed. Pre-trade restrictions are added to the trade management systems and personal account dealing register to ensure no trading in the name is possible. The Compliance team will seek confirmation from the analyst or fund manager that the suspected material non-public information is no longer an issue (i.e. it has entered the public domain before removing the trading restrictions. In 2024, there were no representations made to add a company name to the Restricted List which remained empty during the year.

PRINCIPLE 4 ***Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.***

PCPL's investment methodology is bottom-up and focused on the fundamental value of a company using industry valuation techniques. There is no formal integration of macro-economic and geopolitical analysis in this process. However, as the valuation comparison of companies across Emerging Markets uses the US Dollar as a common currency, macro risks and events are identified and often can be captured through changes in FX rates and their effect on the relative valuation. By example, a company's valuation relative to its peers will become more expensive if its local currency strengthens appreciably against the US Dollar (which will in turn be a function of top-down economic or political factors). This is captured by our proprietary database on a timely basis.

Political or social instability, or diplomatic developments could affect investment in certain countries. There are varying levels of government supervision and regulation of exchanges, financial institutions and issuers across countries. In addition, the way foreign investors may invest in securities in certain countries, as well as limitations on such investments, may increase the volatility and risk of loss to investments. As these risks develop, they are identified by our investment analysts, who have deep knowledge and expertise in emerging markets countries, through their ongoing fundamental value analysis and by keeping abreast of local and international news and announcements. At certain parts of the cycle, our analysts may monitor policy and political developments, with scenario analysis.

Managing regulatory risks: As in the previous year, 2024 saw a degree of stability in the list of listed companies subject to direct financial sanctions while once again the focus fell on an increasing number of additions to the list of Specially Designated Nationals ('SDNs'). The Firm maintained its response to this and the risk of owning investments controlled by SDNs by continuing to conduct regular sanctions screening of our portfolios using the Refinitiv Worldcheck database. Findings are escalated through PCPL's committee structure where decisions on any required action are taken.

Managing sustainability risks: Emerging Markets typically have greater exposure to sustainability risks than developed markets. Listed companies in Emerging Markets are often subject to less extensive sustainability-related reporting requirements making it challenging for the Firm and external providers to identify and assess the materiality of inherent sustainability risks. The assessment of sustainability risks of investees is carried out on an annual basis, the results of which are summarised and reviewed by the ESG Committee, to integrate into the investment decision-making, and monitor potential or actual material risk to long-term risk-adjusted returns. We summarise sustainability risks in our investment universe as follows:

1. Climate change management is at an early stage in Emerging Markets, most countries are at the beginning of establishing targets and action plans to reduce environmental impact, and government implementation and enforcement of policies to limit climate impacts are often lacking or non-existent. Climate impacts may include greenhouse gas emissions and climate change, water stress, biodiversity and deforestation, emissions and waste both toxic and non-hazardous, and environmental management in the supply chain.

2. Countries in Emerging Markets often lag developed markets in respect of labour and human rights practices, child labour, equal opportunity and pay, freedom of association, sexual harassment, occupational health and safety, code of ethics and conduct, confidentiality for whistle-blowers, anti-bribery and corruption, and supplier monitoring in respect of the aforementioned practices. There can be gaps in consumer rights and protection, including product quality assurances, prevention of mis-selling, monitoring inappropriate online content and behaviour, and consumer data protection, privacy and cybersecurity.

3. Governance risks may be more pronounced in Emerging Markets owing to less developed corporate governance frameworks, and a lack of legal protection or redress for stakeholders and minority shareholders.

Our analysts perform ESG reviews on relevant portfolio companies on an annual basis, this includes reviewing corporate reporting, news items, third party databases, to build an engagement focus list. Please refer to Principle 9 on corporate engagement.

The analysis performed in support of our TCFD reporting has focused our attention on engaging with investee companies to encourage the setting of medium-term emission reduction targets, as the alignment level remains low in Emerging Markets. Given our value-oriented investment style, the portfolio is naturally tilted towards carbon-intensive, hard-to-abate sectors such as materials (chemicals, steel, cement, aluminum), and transportation (aviation, shipping, rail). While we have seen some rapid progress in developing low carbon technologies amongst our investees, we continue to engage with investees on targets that will align with energy transition.

It is worth noting that the quantification of physical climate risks remains a challenge for some of our investees, and also for us at a portfolio level, due to the lack of detailed geospatial data, and difficulty in modelling extreme weather patterns. However, we stress the importance of physical climate risks in our annual sustainability review with investees.

Participation in industry initiatives: Since 2021, we have been a participant in CA100+. Please refer to Principle 11 for the case study on KEPCO of South Korea.

As an investor signatory to Thomson Reuters Foundation's Workforce Disclosure Initiative ('WDI'), an annual survey and collaborative engagement programme to provide data on workforce practices, we gained practical insights on engaging with investees to manage human and labour rights issues in the supply chain. Since 2022, we have actively encouraged investees to join. 4 of our investees were winners in 2024 WDI Awards: Hyundai Department Store in "Best First Time Responder – runner up", Top Glove in "Best First Time Responder (Core Indicators) – runner up", COSCO Shipping Ports in "Most Improved – runner up", and Acer in "Most transparent - special mention". In 2023 we also co-signed WDI's joint letter to ISSB reporting standards to consider human rights and labour rights as a single sustainability standard.

We also joined PRI's Spring stewardship initiative on biodiversity in 2024.

In the future we will focus our efforts on:

Identifying and managing climate risks, both transition and physical. To increase the proportion of portfolio companies that are climate resilient and transition aligned, we engage annually with relevant companies in respect of their approach to setting interim carbon reduction targets, and the identification of sector-specific physical climate risks.

Sustainability processes and reporting, encouraging companies to improve material sustainability processes, governance, and disclosures, with a particular emphasis on supply chain human and labour rights.

Diversity and inclusion, with those companies where we believe there is a lack of diversity in skills, or balanced representation of views, to introduce measures to improve at board and senior management levels.

Governance best practices, improving independence of board structures, preventing corporate actions that disadvantage minorities.

PRINCIPLE 5 ***Signatories review their policies, assure their processes and assess the effectiveness of their activities.***

PCPL's long-term investment horizon, typically 3 to 5 years, is intertwined with our approach to stewardship, looking to enhance investor's value through engagement with our portfolio holdings to minimise reputational and sustainability risks. Our approach, policies and reporting are overseen by the ESG Committee, chaired by our CIO, and reporting to our Board of Directors which ensures the implementation of responsible investment at the Firm, this includes the review and approval of all related policies and procedures or updates to existing documents.

The Firm's ESG Committee meets formally on at least a quarterly basis, meeting more frequently or on an ad-hoc basis as needed. This ensures that the business can be responsive to outcomes from norms-based and exclusionary screening. Engagement with companies on ESG and proxy voting matters, including collaborative efforts with other investors, are also discussed at the meetings.

The ESG Committee membership includes portfolio managers alongside representatives of the compliance, and client services teams. It regularly invites guest attendees to report to the Committee and lend specialist insights, and also to promote the Firmwide understanding of ESG goals and objectives.

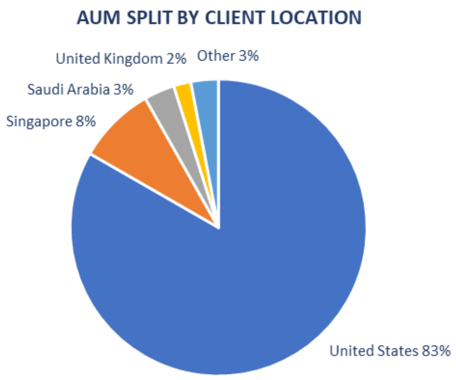
The Firm's stewardship policies are reviewed annually by the ESG Committee and approved by the Compliance team, to ensure that they are fair and balanced, and that best practices and up-to-date climate guidelines are adhered to. Our responsible investment and ESG policies are published on our website at https://polunin.co.uk/#responsibility.

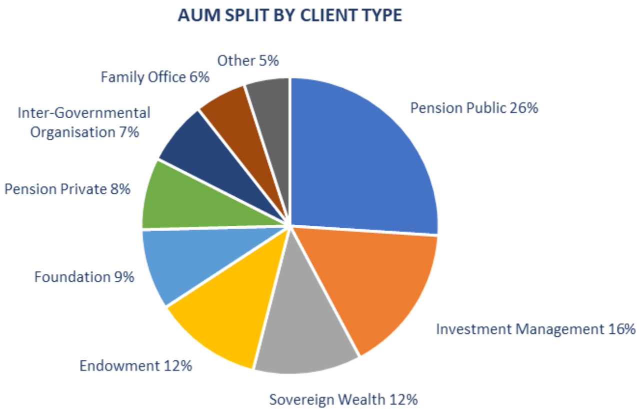
We aim to ensure that our stewardship reporting is fair, balanced and understandable. Quarterly proxy voting reports and annual engagement reports are written in plain English, and are subject to review and approval by the ESG Committee, with our annual TCFD report additionally reviewed by the Board and signed off by the CEO. Once approved they are reviewed by our Compliance team before being published on our website, and are available to all members of the public. In 2024 we structured our engagements to enable progress to be clearly identified against the specific objectives and outcomes set for target companies.

PCPL is a small firm and as such does not maintain an Internal Audit department. Instead we engage external auditors, experts and consultants to ensure that our compliance framework is subject to regular independent assessment; and our governance and operational structure is subject to a full systems and controls audit. The Firm does not use external assurance to evaluate its ESG policies and processes, but we continue to assess the most appropriate method for assuring the effectiveness of our stewardship activities. During 2024 we did not identify any gaps in our stewardship practice.

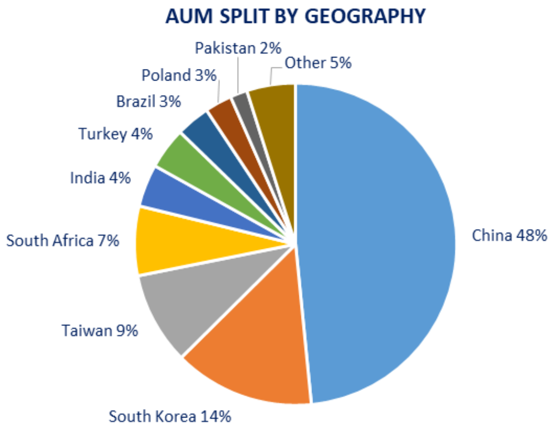
PRINCIPLE 6 *Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.*

PCPL manages assets for a range of professional clients (and fund investors) including pension funds, endowments, and comingled investment funds. Below is a breakdown of our clients/fund investors by geography and type as at 31 December 2024:





Our client base is predominantly US focused (83%), but we also have significant investment from institutions in Singapore (8%) and Saudi Arabia (3%). We are more diversified in terms of institutional client type with public pensions, investment managers and sovereign wealth representing 54% of our total assets under management ('AUM'). Endowments, foundations and private pensions are the primary source of the remaining balance, representing a further 29% of our AUM. PCPL's invested AUM is typically over 99% in Emerging Markets listed equities. The chart below shows the geographic split of our AUM as of December 2024:



All the Firm's investment strategies are underpinned by a common, deep-value investment methodology and process, which is best suited to a longer-term investment horizon (3 to 5 years). The deep-value philosophy is aligned with our stated goal to maximise investment returns by mitigating relevant ESG risks through engagement with investee companies over multiple years, a process that requires investment analysts to engage regularly with the companies they are responsible for. Our deep-value investment style tends to have a higher weighting toward hard-to-abate sectors, and Emerging Markets companies often contend with national energy policies that do not always align with the energy transition expectations of investors from developed markets. Our engagement with investees often involves educating them on investor expectations, and urging them to implement a reporting roadmap alongside improving governance and oversight on sustainability risks. The decarbonisation difficulty in Emerging Markets is generally well understood by clients, but portfolio risks need to be well-managed, and since 2022 we have published carbon emissions and climate risks data of our holdings in an annual TCFD report. Continued engagement with companies on climate risks forms an important part of the stewardship approach.

PCPL also provides investment management services to a number of segregated mandates, and for these clients we are able to provide an ESG approach that is tailored to their individual stewardship and internal investment preferences and policies; we have implemented wider ESG exclusion lists in respect of some of these mandates.

In 2024 there were no cases where we did not manage assets in alignment with clients' stewardship and investment policies.

Below is an example of how we have engaged with a company subject to client exclusion:

Case Study – Banpu PCL (Thailand)

Founded in 1983 as part of Thailand's national energy strategy, Banpu is a coal miner which has diversified into power generation, LNG and renewables in recent years. We invested in the company in late 2020.

Engagement objectives:

In 2021 Polunin established a Coal Exit Policy as part of the Climate Change Policy, requiring all thermal coal-related investees to establish a coal phase-out plan by 2030 in OECD countries, and 2040 worldwide, within 3 years from our initial engagement.

In 2022 one of our separate account clients formalised their exclusion policy to exclude securities of companies that derived more than 10% of their revenue from thermal coal, with a 5-year grace period of 20% cap.

Process:

In 2021 we carried out 3 engagements with Banpu management -- including the CEO -- drawing attention to the company's current target of less than 40% EBITDA contribution from coal mining by 2025 as being insufficient as a reduction target. We stressed to management the need to articulate more measurable and concrete targets, including facility-by-facility closure plans and interim metrics.

In 2022 Banpu announced the following commitments:
- Zero allocation towards any capital investment in coal mining. Commitment to only maintain operations in their current coal assets during the duration of mine life.
- New investments in renewables, electric vehicles, and other alternative energy assets.
- Publication of the first TCFD report by 2023.
- GHG emission reduction from 2021 to 2025 by 7% from BAU for mining, and 20% from BAU for power generation, respectively.
- A climate working team to conduct scenario analysis, including one aligned with the 2°C pathway.
- Appointment of an ESG Committee with Board representation.
- Establishing business targets in line with the 7 most relevant UN Sustainable Development Goals (SDGs), focused on environmental issues.

Outcomes: While the company made some significant progress, sufficient for exemption from exclusion in 2022, its commitment to more ambitious targets and a detailed pathway to phase-out was lacking. In early 2023, following a review of progress against targets, we exited the position for all clients.

We also monitor ESG and stewardship related questions and topics arising within RFPs, with these feeding into wider discussions on areas where our stewardship activity and reporting may have scope for improvement.

Our client services team meet with our clients regularly in performance reviews and due diligence meetings, answering any ESG and stewardship-related queries that may arise. Clients generally receive monthly updates on portfolio performance and attributions, with a more detailed quarterly or semi-annual report with portfolio manager commentary. Voting activity is reported on a quarterly basis via our website, and we engage with investees on controversial votes and proposals where we have concerns where timing allows, with rationale of our voting decision disclosed publicly. Our stewardship reporting is publicly available, and segregated mandates may request and receive customised stewardship reporting specific to their portfolios.

PRINCIPLE 7 ***Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.***

Our core asset class is listed equities, comprising approximately 99% of invested AUM, and it is important to note that our approach to the integration of stewardship through engagement does not differ across our clients, asset classes or geographies.

The resourcing of ESG analysis (monitoring through holding and exiting) and engagement (monitoring through holding and exiting) is managed within the investment team directly; we do not have a separate sustainability research team. Our analysts are responsible for analysis of all risks including both financial and ESG risks, and performing relevant further engagement of investees. This approach is the same across all geographies within our investment universe. We ask analysts to focus on:

- Companies' environmental and social policies, processes and disclosures, focusing on material risks of particular sectors, e.g. water use in the semiconductor industry, human rights in the construction industry;
- Whether past controversies have been addressed through improvement in processes; and
- Companies' governance structure and historical track record.

Whilst we have developed our own methodology to analyse companies on ESG matters, we also purchase external research to monitor ESG-related controversies. This includes both normative issues such as human and labour rights, and involvement in controversial weapons, and forms part of the screening process prior to investment. Companies with a verified failure to respect established norms are excluded for investment purposes.[1] Existing investees undergoing remediation or that have alleged failures are prioritised for engagement. In the year 2024 we did not have any investees with alleged breaches.

Issues identified during the internal scoring process form the basis of the engagement discussion with investees. In addition, the process of producing periodic ESG reporting to clients, and filling in requests for proposals, provides feedback on clients' focus topics in sustainability. From these sources, we have identified the following eight sustainability outcome objectives:

- Start publicly reporting on environmental impact such as greenhouse gas ('GHG') emissions, water usage, and waste generation;
- Set targets on reduction of the above, in particular absolute GHG emission over 2026-35, and report on progress;
- Report on and commit to mitigating processes for physical climate risks;
- Introduce board-level oversight of sustainability risk management;
- Disclose diversity and inclusion data at different seniority levels;
- Introduce time-bound targets and measures to improve diversity and inclusion performance;
- Achieve greater levels of board and senior management level diversity over time;
- Report annually on labour and human rights due diligence to identify, prevent, and mitigate risks at the company, as well as at the suppliers and contractors levels.

We believe the above topics will become more material to investors over time, and therefore it is paramount that investees have policies in place and improve disclosure on such matters. Furthermore, it is our belief that weakness noted in respect of a company's ability to deliver against the eight sustainability outcome objectives above could foretell an increased risk of controversies, so the engagement process with companies acts as part of our risk management process.

Regarding climate engagement, we are a supporter of TCFD, a signatory of UNPRI and a participant of CA100+.

As an investor signatory to WDI – an annual survey and collaborative engagement programme to provide data on workforce practices – we have gained practical insights on how to identify and address workforce issues, a pressing but under-addressed area in Emerging Markets.

[1] We reserve the right to amend the scope of screening and exclusion based on internal verification and analysis.

Although our proxy voting is mostly related to governance issues, such as board composition, remuneration, and corporate actions that may disadvantage minority investors, we have encouraged our team to engage prior to voting on significant items, and investees have found the feedback and suggestions helpful. With more systematic record keeping of engagement, tracking and reviewing historical voting records on proxy voting platform, we have had more active dialogue with investees on our views on governance, diversity and climate.

PRINCIPLE 8 ***Signatories monitor and hold to account managers and/or service providers.***

In tandem with the development of our own ESG methodology to analyse companies, we have continued to purchase external research to monitor ESG related controversies. This includes both normative issues such as human and labour rights, and exposure to controversial areas such as controversial weapons. We also buy in third party data and estimates on carbon emissions. We conduct reviews of our external ESG research providers on an annual basis, to understand changes in methodologies and research focus areas. This year our service provider has upgraded their climate scenario alignment analysis to include the International Energy Agency (‘IEA’) 1.5°C scenario, and the Network for Greening the Financial System (‘NGFS’) models. The attribution of physical climate risk analysis by sector and geography is still difficult to understand, though the transition Value at Risk is due to be upgraded to include NGFS scenarios. The additional difficulty for our diversified small mid cap portfolio is the availability of corporate geo-location data which limits the physical climate risk coverage.

PCPL procures proxy voting platform services from Glass Lewis. The platform provides enhanced reporting capabilities, access to Glass Lewis’ voting policy recommendations, and the systematic implementation of our voting policy which promotes more consistent decision-making. After our feedback on the untimely publication of certain voting policy recommendations by Glass Lewis during the year, while the disclosure of investee meeting agendas at short notice is allowed in certain markets, we have noticed that the number of cases with no recommendations has become minimal. While we do not vote purely based on purchased recommendation data, the Glass Lewis recommendations are referenced by our analysts. We have noted a degree of inconsistency across their recommendations even within a single market, and incorrect board compositions being references in some cases. We have reflected this feedback to the service provider during our regular scheduled meetings.

We began purchasing ESG risk data from Reprisk in 2023. The provider was selected because its broad coverage aligned well with our Emerging Markets small mid cap universe, and because it drew from public sources and stakeholder reports that complimented our own research approach. Having previously provided feedback to Reprisk that their data content was lacking publicly available information in certain languages, we have noticed that additional language capabilities have been added this year.

PRINCIPLE 9 ***Signatories engage with issuers to maintain or enhance the value of assets.***

Regular meetings with investee companies are an important part of the Firm's investment philosophy and provide the opportunity to discuss issues that affect corporate values with senior management. Engagement in respect of ESG issues builds on this by identifying and mitigating material ESG issues, and strengthening investees improving commitment to processes, transparency, and reliance.

Engagements with portfolio companies can be summarised as follows:

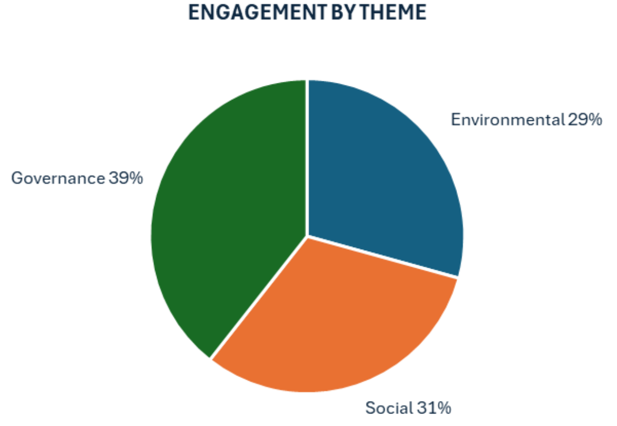
1. **Company specific monitoring** (bottom up): investment analysts work with portfolio companies to improve how they manage or disclose ESG performance or issues, as identified in the internal, monthly screening processes, or in response to events or queries. Investee companies are prioritised by the level of risk and size of position.

2. **Strategic engagement priorities** (top down): based on the eight sustainability outcomes (see Principle 7), we engage with investees on an annual basis, taking into consideration material issues for the valuation of our companies, clients' focus topics, and market and regulatory developments. The current priorities are carbon reduction target-setting, diversity and inclusion at board and senior management levels, and supply chain labour and human rights monitoring. We identify the companies most exposed to these topics for engagement, prioritising larger positions and larger companies who are more likely to be able to lead change in the sector.

3. **Proxy voting engagements**: as the vast majority of proxy voting issues are related to governance within Emerging Market listed equities, this is often the best opportunity to discuss governance structures and diversity and inclusion related matters with companies, prior to voting, and also throughout the year.

Engagement is an important part of the investment process for listed equities, which accounts for over 99% of our invested AUM. Our engagement approach does not currently differ across strategies or geographies. Our investment team carries out engagement activity directly, so we can combine the monitoring of ESG risks with our nuanced understanding of companies' operations and sector issues. The investment team engages as part of our regular meetings with companies, phone calls, and emails, or by taking part in collaborative engagements. We maintain records of our engagements internally, the progress of which are regularly reviewed by the ESG Committee. If progress has stalled, then matters are escalated.

We carried out 89 engagements in 2024, 5 of which were facilitated by external providers in collaborative engagements. 7 engagements were concluded in 2024. Engagement by theme is shown in the following pie chart:

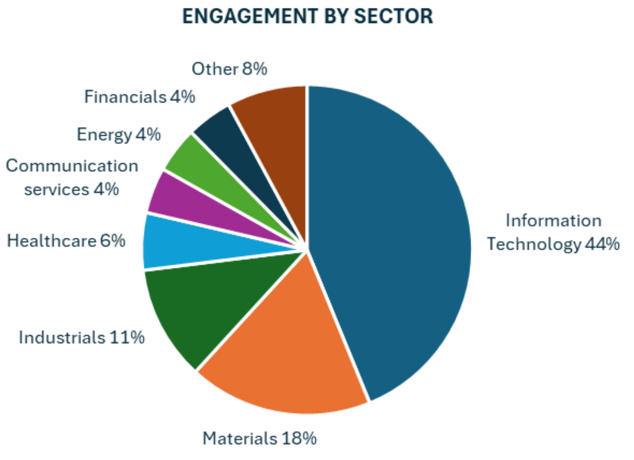


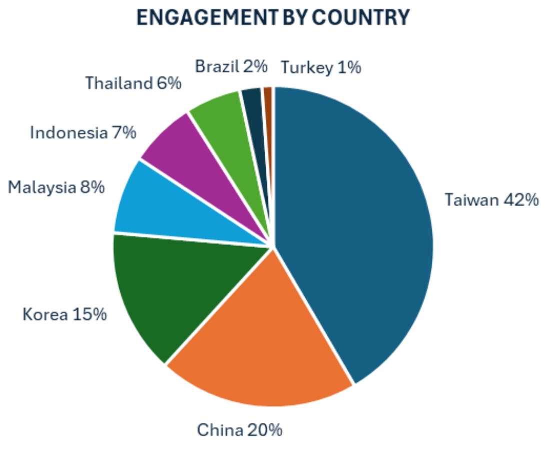
29% of on climate-related risks: setting clear mid-term carbon reduction targets and clarify the method of reduction; better management of sector-specific physical climate risks. Management of biodiversity and deforestation.

31% on social issues: to identify obstacles to improving female participation and retention, in particular at senior management levels, supply chain human and labour rights monitoring.

39% on governance issues: board independence and diversity, capital issuance, related-party transactions, director remuneration, and ESOP.

The following show split by sector and country. While this broadly reflects our portfolio exposure, there are more engagements carried out in Taiwan and in the IT sector.





Case Study - COSCO Shipping Ports (China)

COSCO Shipping Ports ('CSP') is a leading container port operator of 38 ports globally.

Engagement objectives:

1. Start publicly reporting on environmental impact such as greenhouse gas ('GHG') emissions, water usage, and waste generation;

2. Set targets on reduction of the above, in particular absolute GHG emission over 2026-35, and report on progress;

3. Report on and commit to mitigating processes for physical climate risks;

4. Introduce board-level oversight of sustainability risk management;

5. Disclose diversity and inclusion data at different seniority levels;

6. Introduce time-bound targets and measures to improve diversity and inclusion performance;

7. Achieve greater levels of board and senior management level diversity over time;

8. Report annually on labour and human rights due diligence to identify, prevent, and mitigate risks at the company, as well as at the suppliers and contractors level.

Process: Since 2019, we had been engaging with the company to discuss a range of issues, including environmental disclosures, climate risks, gender disclosures and inclusion data.

In 2024, CSP made significant improvements in environmental and social aspects.

Environmental impact: 2040 greenhouse gas emissions target was in the final stage of internal approvals, as the 2030 target was attained ahead of schedule. The new target could be reflected in the 2024 ESG report and would include all ports and subsidiaries operating under the Group. The company also achieved a high degree of electrification of port equipment such as gantry cranes, with an electrification rate of 97% as of 2023. The next phase would involve full electrification of container vehicles by 2030, a significant increase from 46% in 2023. The company also targeted an increase of 35% in solar power use by subsidiaries. CSP's efforts had led to an annual reduction in the company's emission intensity (CO2 per TEU) over a four-year period from 2020 to 2023 across its subsidiaries and non-subsidiaries.

Supply chain management: CSP evaluated over 5,000 suppliers in total over previous years. Suppliers were graded across four tiers, with suppliers in the lowest tier eliminated from the approved supplier list. Over a three-year period from 2021 to 2023, one supplier was removed. CSP had also enhanced its supply chain assessment criteria to include anti-corruption policy and GHG emissions. We noted that CSP had not conducted an on-site assessment yet, so we encouraged the company to carry out independent verification of its supply chain assessments.

CSP had participated in the annual WDI survey since 2023. The company won in the "Most Improved – runner up" category of the 2024 WDI Awards, making big strides in disclosures in governance, risk assessment and human rights due diligence, workforce development, health and safety, and value chain working condition.

Outcomes: only objectives 6 and 7 remain ongoing as of 31 Dec 2024.

Case Study – PTT Global Chemicals ('PTTGC', Thailand)

Formed through the merger of PTT Aromatics and PTT Chemical in 2011, PTTGC is an integrated petrochemical and refining company.

Engagement objectives:

1. Start publicly reporting on environmental impact such as greenhouse gas ('GHG') emissions, water usage, and waste generation;

2. Prepare TCFD report, set targets on reduction of the above, in particular absolute GHG emission over 2026-35, and report on progress;

3. Board composition improvements: size, tenure, and diversity.

Process: We began engaging with PTTGC in 2020, asking for better climate disclosures and targets, and improvements in board structure.

In 2020, PTTGC showed basic disclosures with Scope 1&2 data, and no Scope 3 reporting. The company had yet to compile TCFD reporting and had only weak commitment to carbon reduction. Since our initial engagement highlighting the gaps in disclosures and making suggestions for improvements, the company had made more detailed emissions disclosures, including Scope 3, which became available during 2023, it published its first TCFD report in 2023, providing details on transition scenario analysis, physical climate risks, and clarified pathway to 50% Scope 3 reduction by 2050. PTTGC said that it was working towards Science Based Targets initiative ('SBTi'), and was engaging with suppliers to ensure decarbonisation was being implemented by the supply chain.

PTTGC had continued to invest in low carbon verticals. The company partnered with Cargill on a USD 600 million investment in the Natureworks JV, which aimed to produce compostable biopolymer. The company had also partnered with Mitsubishi Chemicals to expand on production of degradable bioplastics.

On Board structure, we communicated the need to refresh the longest tenured board seats with a 10-year limit on each member and improve diversity at the board level. PTTGC had acknowledged all of these concerns, and as of 2024 when we made an investment decision to exit the position, there was one female out of 14 directors on the Board, 12 directors had served fewer than 5 years, and none of the directors had served more than 10 years.

Outcomes: objectives 1 and 2 are met, objective 3 is ongoing, as at 31 Dec 2024.

Case Study - HTC (Taiwan)

Leading VR/ AR/ XR headset and software brand.

Engagement objectives:

1. Start publicly reporting on environmental impact such as greenhouse gas (‘GHG’) emissions, water usage, and waste generation;

2. Set targets on reduction of the above, in particular absolute GHG emission over 2026-35, and report on progress;

3. Report on and commit to mitigating processes for physical climate risks;

4. Introduce board-level oversight of sustainability risk management;

5. Disclose diversity and inclusion data at different seniority levels;

6. Introduce time-bound targets and measures to improve diversity and inclusion performance;

7. Achieve greater levels of board and senior management level diversity over time;

8. Report annually on labour and human rights due diligence to identify, prevent, and mitigate risks at the company, as well as at the suppliers and contractors level.

Process: Since 2019, we have engaged with HTC to discuss issues ranging from environmental disclosure, climate risk, to corporate governance, and gender and inclusion disclosures.

1,2,3. Climate: initially HTC did not have Scope 3 disclosures or carbon reduction targets. The company began reporting Scope 3 emissions in 2021, with audit of parent and subsidiaries completed in 2022 and 2023 respectively.

HTC’s SBT commitment was approved in 2023, with a 42% reduction target in 2030 compared to the base year of 2021, and 90% reduction target by 2050 versus the base year.

Prior to 2022, ESG matters were overseen by senior executives. We highlighted the need for board-level sustainability oversight, and to link climate management KPIs to executive performance.

In 2024, HTC published its first TCFD report.

4. Sustainability governance: In 2022, HTC upgraded the former Corporate Social Responsibility (‘CSR’) Committee to the ESG Committee, chaired by Chairwoman Cher Wang, reporting to the Board of Directors on ESG management policies, strategies and execution. The company admitted that the costs of supporting international initiatives were very

significant at their current operating scale, and there was a learning curve for the Board to provide guidance and supervision on ESG matters. As the Chairwoman was not taking a salary, the company was considering how to link ESG KPI in a more innovative manner.

5,6,7: Diversity: as early as 2020, the company already disclosed gender ratio and gender pay information, but in the 2023 ESG report, the gender pay gap remained high, which the company attributed to the characteristics of the electronics manufacturing industry, and that the Chairwoman was on zero salary. A more balanced reporting approach would be considered in the future.

8. Supply chain sustainability: the company previously withdrew from Responsible Business Alliance Validated Assessment Program ('RBA VAP') due to costs, but had rejoined since 2023. Annual written audits were carried out with suppliers, on-site audits were focused on higher risk suppliers. HTC encouraged suppliers to join RBA VAP, on a voluntary basis, due to the company's size.

Outcomes: As of December 2024, objectives 1, 2, 5, 8 are met, 3, 4, 6, 7 are work in progress.

Case Study - KIA (Korea)

The second largest auto maker in Korea, part of the Hyundai Motors Company.

Engagement objectives

1. Start publicly reporting on environmental impact such as greenhouse gas ('GHG') emissions, water usage, and waste generation;

2. Set targets on reduction of the above, in particular absolute GHG emission over 2026-35, and report on progress;

3. Report on and commit to mitigating processes for physical climate risks;

4. Introduce board-level oversight of sustainability risk management;

5. Disclose diversity and inclusion data at different seniority level;

6. Introduce time-bound targets and measures to improve diversity and inclusion performance;

7. Achieve greater levels of board and senior management level diversity over time;

8. Report annually on labour and human rights due diligence to identify, prevent, and mitigate risks at the company, as well as at the supplier level.

Process:
Climate: While Kia had a 2045 carbon neutrality target, details were lacking, especially on intermediate climate targets. Over the last 2 years Kia made progress in intermediate reduction plans, including setting a 100% electrification sales target in Europe by 2035, and other major markets by 2040, plus the use of low-carbon steel starting in 2030.

Supply chain management: Kia provided ESG consulting to 192 small and medium-sized Tier 1 and 2 suppliers to enhance their ESG practices. Notably, suppliers that received consulting saw a 17% year on year increase in their ESG assessment scores.

Diversity: Kia had a goal of 20% or higher ratio of female office workers by 2030, but acknowledged the challenges in attracting female employees to work in automobile plants. At a firmwide level, female hires represented 10.9% of new hires in 2023, a significant increase from 1.9% in 2021, with female office new hires accounting for a higher ratio at 17%. To increase female employee retention, the company would introduce more family-friendly policies, including spouse maternity leave, childcare leave, and enhance workplace facilities for childcare and support for dependents.

Board representation: Kia added another female director to the board in 2024, increasing female board representation from 22% in 2023 to 33% in 2024.

Outcomes: objectives 3 and 6 remain ongoing, with other objectives met, as of 31 Dec 2024

PRINCIPLE 10 ***Signatories, where necessary, participate in collaborative engagement to influence issuers.***

The Firm often engages on issues of concern directly with the smaller capitalization companies, as we believe such an approach is better suited to companies where we can be one of the larger minority shareholders. In some circumstances, particularly with larger companies and on sector or policy issues, collaboration with other investors can be the most effective way to engage. We find this useful in those situations where independent escalation has not produced a desirable outcome or during times of significant corporate or economic stress.

As a Firm we believe there is strength in numbers when it comes to engaging with our holdings on certain topics, and for this reason we have chosen to join several collaborative engagement efforts.

The Firm is a signatory to the UNPRI, a participant of the CA100+ and Spring (PRI-led collaborative engagement on biodiversity). We are also a member of the WDI.

The WDI aims to increase transparency around workforce practices by encouraging companies to report data on topics such as decent work and human rights. We have actively engaged with our holdings, as we believe the need for Emerging Markets corporates to align their workforce practices to international standards will only become more pressing over time.

In 2022 our investee Sun Art Retail Group Ltd, a major grocery chain in China with 100,000 employees, became one of the first Chinese participants in WDI. In 2023, COSCO Shipping Ports participated in the WDI, as the first Chinese state-owned enterprise. 4 of our investees were winners in 2024 WDI Awards: Hyundai Department Store in "Best First Time Responder – runner up", Top Glove in "Best First Time Responder (Core Indicators) – runner up", COSCO Shipping Ports in "Most Improved – runner up", and Acer in "Most transparent - special mention".

In 2023 we participated in WDI's joint letter to ISSB reporting standards to consider human rights and labour rights as a single sustainability standard.

Case Study - Top Glove (Malaysia)

Top Glove is the world's largest rubber glove manufacturer, with production in Malaysia, Thailand, and China.

Engagement objectives:

1. Social disclosures in 2024/25, including workfare, diversity and inclusion;
2. Encourage participation in Workforce Disclosure Initiative ('WDI') survey.

Process:

When we initiated our position in 2023, our proprietary ESG framework identified gaps in the Top Glove's social metrics. In 2024 we conducted 5 engagements with the company, focusing on their workforce diversity and inclusion efforts, value chain transparency and human rights due diligence. Our research suggested while the data was distributed across Top Glove's published literature, it was not well consolidated and presented.

We communicated the importance of transparent disclosure on labour and human rights management in the supply chain, as the industry relied heavily on migrant workers. This would also help to ensure that the company's policies and practices were aligned with international standards, and that gaps in their responsible business practices were identified and addressed.

We also encouraged Top Glove to participate in the WDI survey to demonstrate that their workforce practices were delivering for both the company and its workers, and to better align the disclosures with investor priorities. The survey also helped to inform how subsequent reporting could be improved.

Outcomes: the company participated in the WDI survey in 2024 and met both objectives ahead of time. Top Glove was the first Malaysian participant in the WDI survey, and was recognised as the Runner-up in the "Best First Time Responder (Core Indicators)" category.

Case Study - Sinopec Engineering (‘SEG’, China)

SEG provides integrated refining and petrochemical engineering and construction services to emerging markets customers.

Engagement objectives:

1. Disclose diversity and inclusion data at different seniority levels;
2. Report annually on labour and human rights due diligence to identify, prevent, and mitigate risks at the company, as well as at the suppliers and contractors’ levels.

Process: In 2023-2024, we conducted 3 engagements with the company, focusing on gender diversity and labor and human rights, issues we considered as priorities for the construction industry. Initial review showed minimal disclosures on these topics.

As a state-owned enterprise (‘SOE’), the company tended to be conservative in its disclosures, preferring not to be an early adopter of best practices. It was sufficient to fulfill the local legal requirements, and meeting the minimum standards set by the Hong Kong Stock Exchange. After we explained that improving transparency would lead to better workforce practices and resilience in the supply chain, the company agreed to enhance their 2023 ESG report by including more case studies to better reflect their policies and practices.

While the 2023 ESG disclosures did include additional case studies, they were vague in demonstrating how workforce practices were delivering for stakeholders. To support further improvement, we invited the company to participate in the WDI survey, which provided guidance on how to communicate their efforts more effectively.

In response to our continued engagement, the company’s 2024 ESG disclosure included, for the first time, the number of internal recruits by gender, and data on the gender pay and CEO pay ratio, significant progress for a SOE. The company also detailed measures to protect the rights of migrant workers in the supply chain, a high-risk area we emphasised in our discussions.

Outcomes: Our engagement remained a work in progress as of 2024. The management understood the importance of disclosures to investors and expressed the willingness to work towards the suggested disclosures, including WDI’s guidelines over the following years.

PRINCIPLE 11 ***Signatories, where necessary, escalate stewardship activities to influence issuers.***

The Firm undertakes a four-year process of engagement, with escalation after 18 months at the latest. This may include public engagement with the board, withholding support on standard governance-related resolutions (such as director re-elections or approving the reports and accounts) or by filing or co-filing shareholder resolutions. If remediation remains inadequate or ineffective after the engagement process, the Firm will consider whether the residual ESG risk is significant enough to trigger a divestment.

Unless an individual separate account mandate specifies otherwise, the escalation approach is uniform across all of our clients and geographies for our core strategies. However as long-term investors in Emerging Markets equities, we are mindful of cultural sensitivities, and the need for long term co-operation, whilst maintaining independence and avoiding conflict of interest. Escalations may take the form of voting against directors on governance-related resolutions, and in some cases, divestment. We try to find different avenues to engage with companies, through alternative contacts or collaborative platforms, to keep the dialogue alive. However, in cases where there is a significant deterioration in the ESG risk of the company, the position is considered for exclusion or divestment.

Case Study – Korea Electric Power Corp (‘KEPCO’, South Korea)

As a participant in collective engagement with KEPCO through CA100+, as well as in one-on-one meetings, we have been sharing our concerns regarding the company’s ongoing investment in coal-fired power plants locally and overseas for some years. In the early years KEPCO showed no change in strategy. To escalate the issue, we along with other CA100+ investors wrote a public letter to the Presidential Committee of Carbon Neutrality of the South Korean government, who is KEPCO’s controlling shareholder, urging for more ambitious decarbonisation.

Following this investor engagement and escalation, KEPCO and its six subsidiaries have committed to carbon neutrality and a complete phase out of coal by 2050 following the development of national plans by the South Korean Presidential Committee on Carbon Neutrality. It has established a new Power Innovation Division, together with the Carbon Neutrality Strategy Department, to develop strategies and an action plan relating to carbon neutrality in the company. And in December 2021, it launched the “KEPCO Carbon Neutrality Promotion Committee” to discuss strategic directions and major policies for the generation sectors in achieving carbon neutrality.

In 2022 with rising coal prices and cost of living political pressures, the company’s financial health had worsened substantially, causing a slow-down in investments in renewable energy. In 2023 during the collaborative engagement process the company advised us that it had signed more direct PPAs for renewable energy with customers Samsung and SK Group. However the planned phase out of coal power over the next 10 years would largely be replaced by LNG, rather than renewables. KEPCO’s progress in offshore wind remains slow. As KEPCO is the main electricity provider in South Korea, accounting for 37% of GHG emissions in the country, this engagement has helped set clearer targets and commitments for decarbonization efforts in Korea.

PRINCIPLE 12 *Signatories actively exercise their rights and responsibilities*

The Firm aims to vote all proxies on behalf of clients that permit it to do so. On request we will discuss with clients the rationale of our decisions when they differ from those of their own proxy advisors. To publicly demonstrate our commitment to stewardship, we publish proxy voting summaries on our website on a quarterly basis. Our proxy voting policy is aligned with our ESG criteria, which is applied to all companies in all funds. We expect our investees to uphold corporate governance standards by:

- creating sustainable, long-term value;
- protecting shareholder rights;
- maintaining integrity in corporate behaviour;
- ensuring an independent and efficient board structure;
- aligning incentive structures and remuneration with long-term interests of shareholders; and
- ensuring accurate, timely and transparent disclosures, whether it is financial, governance, environmental or social.

PCPL uses the Glass Lewis platform to manage and execute our proxy voting. We refer to the proxy advisor's voting recommendations, but ultimately vote according to our publicly disclosed proxy voting guidelines, and analysts are responsible for reviewing the proxy advisors' recommendations and may make specific recommendations. However individual country governance codes are often less demanding about board tenures and board diversity. In such cases the lead analyst making recommendations on the vote will take into account the company's circumstances and general corporate governance track record. The lead analyst is also responsible for analysing and making recommendations on proxies regarding complex transactions and controversial votes, and will engage with the company before or after when possible. Members of the compliance team exercise oversight on the final voting decision.

We coordinate with custodians and our proxy voting service during the account set up process to ensure that ballots for all the shares we are eligible to vote are received in a timely manner. The custodians are linked to our proxy voting service such that ballots reflect up-to-date client/fund stock positions. We monitor any discrepancies which are dealt with by the custodians or ballot distributors.

None of our funds participated in stock lending during 2024. There are plans for some of our funds to participate in stock lending from Q1 2025, and we have established the Securities Recall Policy for Proxy Voting to ensure that securities can be recalled or restricted from being loaned in advance to enable us to exercise material proxy votes. We maintain caps on the proportion of stock holding permitted to be lent, such that we retain a portion of shares in each votable stock to be able to vote.

In 2024, we voted 99% of the eligible 4,279 resolutions in 540 meetings, of which 20% were voted either Abstain or Against. In total, we voted Against or Abstain in 842 resolutions, most of which were against Board directors, from low levels of Board independence, over-boarding, no audit or remuneration committee independence, or lack of Board diversity. Another frequent reason for lodging Against votes was a lack of rationale being provided by a company when seeking a general mandate for dilutive capital raising, as well as excessive compensation reports where the proposed remuneration plan is found not to be in shareholders' best interest.

Our proxy voting policy and voting summary, including rationale on Against and Abstain votes, can be found on www.polunin.co.uk/#stewardship

Case Study – Chinasoft (China)

Chinasoft is an IT services and software provider focused on TMT and finance sectors in China.

Objectives:
1. Improve board structure and level of independence.

2. Articulate clear capital return and capital management targets.

We had been engaging with Chinasoft over the last 2 AGM seasons on governance issues. Prior to the 2023 AGM, we reflected our following concerns:
1. As the company did not have separate CEO and Chairman, we suggested adding an independent Vice Chairman role;
2. An independent director had served for 20 years, therefore could not be considered independent;
3. General mandate to issue up to 10% of issued share capital was reasonable. However, the discount was not disclosed. We suggested this should be capped at 15%;
4. 2023 share option scheme had a very short vesting period of 1 year, and was available to non-employee directors and service providers. There was no disclosure of pricing, and the total dilution of 20% was too high.

We voted against those items, and the resolutions on independent director and share option scheme were not passed due to over 50% against votes. The other 2 resolutions were carried but with significant opposition of 34% and 38%.

In the 2024 AGM season, the company proposed a maximum 20% discount on the general mandate to issue shares. The rationale given was that up to 20% discount was necessary to attract strategic investors, and the company would not issue new shares below a certain share price target. We reiterate our suggested 15% discount to the management as 20% was excessive, and that we would vote against. The resolution was carried, but with 32% against votes.

The separation of CEO and Chairman roles faced internal push backs. We reiterated that introducing an independent Vice Chairman role could partially address investors' governance concerns. The company said it would discuss and consider this.

We expect to continue the dialogue with the company in the 2025 AGM season.

Case Study – Qingdao Port (China)

Qingdao Port is the port operator in Qingdao, engaged in stevedoring and ancillary services for container, dry bulk and other cargo.

We engaged with Qingdao Port on the extraordinary general meeting ('EGM') held in September 2024. The EGM sought shareholder approval for the issuance of shares to acquire assets including 100% of Rizhao Port Oil Terminal and 50% of Rizhao Shihua Crude Oil Terminal. The total consideration for the restructuring amounted to approximately RMB9.44 billion and the total amount of ancillary funds raised was capped at RMB2 billion.

During our engagement, the company explained that while the upper limit was high, the threshold was unlikely to be reached in practice. However, while we appreciated the financing needs of the company, we expressed our concerns that the proposal could expose existing shareholders to excessive dilution, but we would be more supportive if the dilution was limited to 10% of the outstanding share capital.

Ultimately, we voted against the resolution at the EGM due to the above concerns. The resolutions were carried, however the proposal to raise ancillary funds had a notable 13.73% Against votes.

We expect to continue our constructive engagement with the company going into 2025.

Case Study - ORG Technology (China)

ORG Technology is a leading metal packaging can manufacturer with dominant market share in China.

The company proposed, in a special meeting in November 2024, to acquire controlling interest in CPMC Holding, another metal packaging company they already owned 24.4% of, in competition with another acquirer.

We voted Against to reflect our following concerns:

- The debt financing for proposed transaction would significantly increase leverage ratio, and the interest burden would pressure profitability;
- The limited cash on hand would raise solvency risk, especially in a weak business environment;
- Potential loss of clients who preferred lower supplier concentration.

The resolution was carried, but the company responded to our concerns post EGM with a target to lower the debt ratio in 2-3 years.

Case Study - Shanghai Mechanical & Electrical Industry (China)

Shanghai Mechanical & Electrical Industry is a major elevator manufacturer in China for the JV brand Shanghai-Mitsubishi with high market share.

The Company proposed, in a special meeting in June 2024, to acquire 100% equity of Shanghai Jiyou Mingyu Machinery, a subsidiary of the Parent of Shanghai Mechanical.

We voted Against to reflect our following concerns:

- The target company was more leveraged than the acquirer, with lower asset turnover; however the acquisition price was at 33.8% premium;
- Our analysis showed the business prospects of Shanghai Jiyou were weaker than domestic peers;
- With weak demand in the Chinese elevator market currently, it would be more prudent to conserve the cash on the balance sheet.

The proposal failed with 50.31% Against votes.