



Policy on Responsible Investment

Monitoring and taking action on
environmental, social and governance factors

May 2025

I. Introduction

Purpose and Scope

ANDA provides investment management services to institutional and individual clients around the world. ANDA as a fiduciary to our clients, endeavors to at all times act in the best interest of our clients and treat each client fairly. This duty at ANDA has always been interpreted as the best financial interest of the client, and this principle underlies all aspects of ANDA's investment process. With that overarching principle in mind, ANDA is committed to maintaining an investment approach that incorporates environmental, social, and corporate governance ("ESG") in a comprehensive manner in order to safeguard the interests of our clients as we recognize that a company's ESG practices, whether good or bad, can affect its long-term viability, performance and ultimately its valuation and share price. Although not always dispositive and not the only factor, we believe this added layer of analysis, along with our in-depth research into all aspects of a company's business can enhance our investment decisions and improve our investment returns.

ANDA's Responsible Investment policy attempts to broadly set forth how we discharge our responsibility towards incorporating ESG factors in our investment analysis and process. The policy describes how ANDA conducts engagement with companies throughout the course of its investment activities, in fulfilment of its role as an active shareholder that acts on behalf of its clients. ANDA is a signatory to the UN Principles for Responsible Investment ("PRI") and the Korean Stewardship Code (the "Code") and a Task Force on Climate-related Financial Disclosures ("TFCD") supporter. We believe the standards and the approach to engagement set out in the policy aligns well with these commitments. A statement regarding our adherence to such principles is published on our website at www.andaasset.com.

ANDA's Proxy Voting Guidelines are summarized in Part 2A of ANDA's Form ADV available on the United States Securities and Exchange Commission website. We disclose our voting and engagement records to the extent required by any applicable regulatory authorities, and we provide our clients periodic updates on our voting and engagement activities as required in the respective client agreements or upon client request. ANDA may disclose its voting activity in the aggregate or an individual basis, and ANDA may also explain reasons for voting for or against agenda items.

II. Corporate Governance

Overview

We believe that good corporate governance starts at the top and as such we look closely at the composition of a company's board of directors as well as voting practices and standards provided for in a company's bylaws or articles of incorporation. The objective of our corporate governance work is to ensure the boards of the companies in which we invest can perform to expected standards and are accountable to shareholders. The composition and structure of the boards, and the processes by which boards operate, need to be carefully planned and managed to this end. The objective of our voting policy is to support good corporate governance practices and the long-term interest of shareholders. In addition, we believe that access to votes and the ability of shareholders to effectuate change in board and management through open and transparent voting processes are critical to the long-term success of a company.

ANDA understands that there is no one single indicator that identifies when companies are failing to adopt best corporate governance practices, and that the complex corporate structures of Korean chaebols and peculiar rules and structural inefficiencies that exist only in Korea often require investors to take a pragmatic approach to corporate governance. Our corporate governance work is guided by best practice guidelines developed by industry bodies such as PRI, the Korea Corporate Governance Service, the Financial Stability Board, and the Korean Financial Investment Association, and is implemented with this background in mind.

While we prefer that companies adhere to the principles and provisions of the Code and best practice, we recognize a different approach may be justified in particular circumstances. Compliance with the Code does not necessarily constitute good governance nor does non-compliance per se disqualify a company from our investment universe. We evaluate each deviation on its own merits on a holistic basis taking into account the current market environment and company specific-circumstances. In such cases, the onus is on the company to provide us with sufficient assurance has been given that the arrangements adopted are in the best interests of shareholders. If the company does not adhere to the aforementioned conditions, we will not support the board.

Board Composition and Diversity

A board should be formed of a suitable balance and quality of executive and non-executive directors to enable it to execute strategic control of the company's affairs to maximize long term shareholder value. To this end, it is important that the board has a sufficient contingent of independent non-executive directors to maintain appropriate oversight on the behalf of all shareholders, including the minority shareholders. Under the Korean Commercial Act, a company whose assets exceed KRW 2 trillion must have a majority of independent directors and smaller companies are required to have a board on which one-fourth of the directors are outsiders.

Diversity of the board ensures that a variety of viewpoints will be heard and considered in the decision-making process. We believe gender diversity on corporate boards is helpful in escaping group think, managing crises, improving oversight and ultimately achieving better board performance. ANDA wishes to improve gender diversity and inclusiveness in the companies within its portfolios. Any listed company in Korea whose total assets at the end of the recent fiscal year exceed KRW 2 trillion is prohibited from having a board of directors composed entirely of one gender. This amendment to the Financial Investment Services and Capital Markets Act has resulted in nearly all applicable Korean companies having at least one female director on their board in 2025. This number reached as low as twenty percent as recently as 2019, prior to the amendment. While the increase in the number of female directors is encouraging, Corporate Korea remains one of the least gender diverse boards in the world with under ten percent of directors at listed companies being female.

Board Effectiveness

To improve board effectiveness, we encourage companies to take concrete steps to evaluate the composition of their board and its performance. We expect companies to regularly assess the effectiveness of their board to ensure that directors with a suitable mix of skills, experience and tenures work together optimally for the long-term benefit of shareholders, including minority shareholders. Unfortunately, the boards of several Korean companies are controlled by, and solely work for the interests of, the controlling shareholder. Thus, intensive board monitoring and frequent evaluation of the board is required to safeguard against abuses of minority shareholders. In addition a robust self-evaluation process of board effectiveness is not the market norm in Korea and while we believe that this process is critical and will encourage our investee companies to implement such self-review, we are cognizant of the current situation in Korea and therefore, will implement our views of effectiveness of boards on an independent basis and the lack of a self-evaluation process will not disqualify a company from our investment universe.

In addition, many independent directors in Korea have academic and local government backgrounds. While we respect their experience and credentials, we recommend that companies select independent director candidates with C-suite experience. For companies that seek to grow beyond Korea, we expect a diverse board composition to reflect the geographical footprint of their businesses.

Roles of Chairman and Chief Executive

The combination of roles of chairman and Chief Executive is market practice in Korea. Nevertheless, in most cases, we do not favor the combination of the roles of chairman and Chief Executive in order to prevent the concentration of power in the hands of one person. We also prefer that the chairman of the board is independent and that key committees (audit, nomination, compensation, etc.) be composed of independent directors.

Definition of Independence

When assessing the independence of a non-executive director, we will consider whether there are relationships or circumstances which are likely to affect, or could appear to affect the director's judgment:

- Has been an employee of the company or group within the last three years (Korean law applies a two-year cooling-off period for former executives of the company);
- Has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- Has received or receives additional remuneration from the company apart from a director's fee;
- Has close family ties with any of the company's advisers, directors or senior employees;
- An outside director sits on more than two public company boards, in violation of the Commercial Act and accompanying presidential decree; or
- Represents a significant shareholder

When a company maintains that a non-executive director is independent despite the presence of the above relationships or circumstances, the onus is on the board to provide evidence to support the claim. Where appropriate, ANDA will review the non-executive director's performance on the board and committees in determining whether the director exercises independent judgment.

Appointment and Re-election of Directors

The appointment of any director to the board should be the result of a formal, rigorous and transparent procedure. In the case of a larger companies, director candidates should be nominated by a nomination committee, which is a sub-committee of the board of directors. A majority of the members of the nomination committee should be independent directors. We note here as well, as was with the self-evaluation process, that the market practice in Korea is not to have nomination committees. We will encourage companies, where we can, to implement such processes.

We will generally support the election of directors who are able to contribute to the preservation and enhancement of shareholder value all in the context of certain structural limitations highlighted above. A certain amount of diversity, including gender diversity, is encouraged at levels of the organization including the board.

Bundled Elections

Generally, director elections are bundled under one item at annual general shareholder meetings in Korea. We believe such practice is unfair to individual directors as it forces shareholders to vote for or against a group of directors, even if they have doubts over only one of the proposed candidates. It is also unfair to shareholders who are asked to cast a vote in such circumstances, as they may have to vote against some suitable candidates under a bundled arrangement. The power to elect directors is the most important shareholder right and shareholders should be able to vote on each director individually, depending on his or her skills, experience and performance.

Audit Committees

Audit committees must follow strict guidelines with respect to financial reporting and control related matters. The Korean Commercial Act requires that audit committees be majority independent for listed companies whose assets exceed KRW 2 trillion. Such companies must separately appoint members of the board of directors to the audit committee and limits voting powers of the top shareholders and their affiliates to a collective maximum of three percent. It also requires at least one auditor from outside the board and individually limits voting powers of the top shareholders and any of their affiliates to a maximum of three percent each. A majority of the board of directors should be independent and each director should have the requisite knowledge and background such that they are able to read and understand financial statements. In addition, audit committees should have the sole right to hire and terminate the company's independent audit firm and should also have what is often referred to as a "whistle-blower policy," which allow individuals to bring questions and issues to light without fear of retribution.

When an internal audit function is required under the Korean Commercial Act, the audit committee must review and approve the audit plan, review staffing and organization of the function, and meet with internal auditors and management on a periodic basis to discuss matters of concern that may arise. The committee should also meet separately with external auditors to discuss matters that the committee or auditors believe should be discussed privately.

The fees generated from the provision of non-audit services should not be of such magnitude as to appear to impair the auditors' objectivity. Where non-audit fees are substantial relative to the audit fee, it is up to the audit committee to justify why this expenditure is in shareholders' interests as well as to determine that such services do not impair the independence of the audit committee.

Remuneration Reporting and Policy

Although we believe that the quality of a company's remuneration policy and practices can be seen as a litmus test of good corporate governance, it is uncommon for Korean companies to publicly disclose compensation packages for C-suite executives. We believe that Korean companies should be more transparent in the remuneration policies of their executives and believe such information should be made publicly available. Executives should have fair compensation for the contribution they make to the maximization of long-term shareholder value but in Korea it is often difficult for ANDA to assess whether a company sufficiently links executive rewards to the preservation and enhancement of shareholder value.

Some factors that cause concern for us include:

- Salary increases or increased maximum bonus opportunities which are not linked to productivity improvement or increased responsibilities;
- Inappropriate use of peer data to justify increases is to be discouraged;
- Ex-gratia payments for past performance; and
- Terms and structure of incentive schemes not in line with best practice.

While in the past we were mainly focused on excessive pay to chaebol executives, more recently we have focused on compensation practices of technology and high growth companies which have experienced governance issues.

Chairman's and Non-executive Directors' Remuneration

The chairman and non-executive directors should be appropriately rewarded for their contribution but this should be made available in cash or in shares bought or allocated at market price.

We do not support the award of share options (or other incentives geared to the share price) to the chairman and non-executive directors. This is because such awards could compromise independence, encourage short-term focus and align interests with those of executives rather than shareholders.

A proposal to award share options should be based on exceptional circumstances with the onus on the company to explain why the proposed arrangement is appropriate. Where it is necessary to offer share incentives, our preference is for a one-off grant, with the award in conditional shares as opposed to share options, to be retained during the directors' tenure. Companies should consult with shareholders prior to the grant of such awards. A non-executive director who is awarded share options would not be considered to be independent. Such directors should not be members of the Audit or Remuneration committee.

Remuneration Disclosure

In Korea, shareholders can approve the aggregate amount of fees to be granted to directors as remuneration for their services. The board has the full discretion to allocate the amount among the board members. We find it difficult to understand how exactly the board, especially executive directors, are incentivized to increase corporate value or shareholder returns at most companies. Most remuneration policies in Korea state that board members decide basic salaries and incentives, but do not give details or transparent guidelines. We recommend that Korean companies disclose the remuneration paid to each executive and non-executive director individually to provide shareholders better insight into how each director is remunerated for his or her contributions.

Take-overs and Mergers

Our voting decisions on proposed take-overs and mergers are based primarily on our analysts' and fund managers' view on the alignment between the proposal and shareholders' interest. ANDA makes an effort to exercise voting rights on all shares held after sufficient data collection, analysis and dialogue with management, if possible.

Social, Environmental and Ethical Issues

We believe that the effective management of risks and opportunities associated with social and environmental concerns can lead to long-term value creation for companies. For Korean companies the concerns commonly relate to bribery and corruption, breach of fiduciary duties, human capital management, local tax contribution, tax avoidance and evasion, workplace health and safety, product standards down the supply chain, community relationships as well as climate change and energy efficiency. Korean companies are at a nascent stage with respect to their focus on social and environmental factors that affect the community and their business. However, we will continue to monitor and where appropriate make investment decisions in part on a company's good stewardship of these critical conditions.

Korea has a strong tradition of labor unions. They protect the rights of workers, but at times, they can also present challenges for companies, especially when they are changing their business models, product requirements, and customer preferences. We therefore recommend that companies constructively manage their employee relations, provide a platform for regular dialogue and opportunities for union leaders to express the concerns of workers in a timely manner. Companies should involve shareholders in stakeholder discussions related to labor practices where appropriate. Beyond direct contractual relationships with employees, companies should also leverage their influence within the supply chain to ensure best human right practices for those not directly employed by them.

Companies should effectively manage social, environmental and ethical issues that are relevant to their business, with a view to enhancing their long-term sustainability. They should also disclose to shareholders on a regular basis how they identify and manage the relevant risks, provide evidence that these structures are effective, and how social, environmental and ethical factors are embedded in their culture. Companies also ought to clearly define board and senior management responsibilities for social, environmental and ethical issues. We believe that the directors of companies are accountable to shareholders for the management of social, environmental and ethical issues in the same way they are accountable for the company's financial performance.

We expect companies to have adequate anti-corruption and anti-bribery policies in place and robust compliance mechanisms to enforce them. Audit Committees at companies are required under the Korean Commercial Act to set up an independent internal audit function should ensure that such function complies with the requirements mentioned in the above Audit Committee section.

Climate Change

Climate change is a systematic risk to the value of our client portfolios due to its various economic and geopolitical consequences. We do not seek to invest in 'green' companies but instead seek evidence, when appropriate, from our portfolio companies that they have the necessary policies and practices for the effective management of environmental issues in place. We believe environmental issues should not be viewed simply as constraints, but also as opportunities for long-term growth. Environmental issues we consider include but are not limited to: climate change, water scarcity, sustainable sourcing of raw materials, pollution, packaging and environmental impacts from the use of such products as well as energy consumption and waste and recycling efforts. These issues represent significant interest for companies to differentiate themselves from their competitors. Most recently, we have also focused on reviewing EPC and chemical companies' efforts to reduce climate change and their goals of achieving long-term carbon reduction targets.

We support the development of enhanced reporting that covers climate change and environmental impacts of companies, and declared our support for the Recommendations of the TCFD. The Financial Stability Board established TCFD in 2015 to support the goals of the Paris climate agreement. This voluntary disclosure platform was designed to provide a framework for companies and other organizations to develop more effective climate-related financial disclosures through their existing reporting processes and support more informed investment decisions by investment managers such as ANDA.

ANDA's TCFD Policy explains how the firm supports Korea's transition towards a low-carbon economy, how it protects activities and performance from climate-related risks and how it seizes climate related opportunities. It reflects ANDA's response to the recommendations of the Taskforce on Climate-related Financial Disclosure and how over time we plan to reflect the Paris Agreement in our portfolios.

III. ANDA's Engagement Policy

Engagement Purpose

Engagement provides ANDA the opportunity to create an open dialogue with companies in which ANDA invests to deepen our understanding of the ESG issues that underpin a company's strategy or valuation, and provide the opportunity for companies to better understand our investment process and objectives. We believe investors play a critical role influencing companies to adopt sustainable business practices that promote stable long-term growth and reduce material ESG risks faced by entities over time. We strongly believe that the effective management of risks and opportunities associated with social and environmental concerns lead to long-term value creation for companies and their shareholders.

Engagement Policy

Our ESG strategy has three pillars: (i) to integrate ESG values into our investment processes; (ii) to engage with our portfolio companies over time and, in limited circumstances where appropriate, help them to develop relevant ESG strategies; (iii) to publicly report high-level summary data on our active ownership activities, in addition to our annual public reporting requirements as PRI and TCFD signatories.

We consider engagement to be an important element of our investment activities. Our investment team regularly meets with company management as part of our research process. The meetings provide our analysts and portfolio managers with insight into management quality, business drivers, and the long-term objectives of the companies. In addition, these meetings allow our investment team to assess a company's risk exposure to ESG factors as well as management's commitment to enhance shareholder value.

ESG issues are not always easily tied to valuations and returns, and their potential may differ across companies, sectors and industries. However, we believe for Korean companies there are a number of factors, such as a company's governance structure or capital allocation policies, which may be used to gain a better understanding of the company. **Appendix A** includes examples of ESG issues that ANDA investment professionals may consider when developing a deeper understanding of a company and its ESG practices. We believe an effective identification of material ESG risks requires thorough analysis and continuous monitoring by our investment team.

ANDA's analysts generally document the basis of their recommendation in an in-house company report. This report typically covers a range of factors, including the investment rationale, key financial information, risks and we have begun to include views on the potential impact of ESG issues, where relevant. While a portfolio manager is not prohibited from purchasing or holding a position due to an ESG issue, consideration of these issues is part of the investment decision.

Responsibilities and Transparency

Investment decisions are usually made after thorough consideration and follow a detailed due diligence process. Hence, it is important to note that ESG factors are just one of the many factors that would affect an investment decision or the outlook we take for a company's future.

The normal methods through which ANDA engages with companies are:

- a. Ongoing dialogue with the company management through regular meetings, visits, and telephone calls during which ANDA discusses and poses questions on operational, strategic, and other management issues and, where appropriate, offers its own opinions and comments.
- b. Proxy Voting. When clients delegate the responsibility to vote proxies, ANDA, as a fiduciary, is obligated to vote proxies in the best interests of its clients. ANDA has adopted a written policy (the "Proxy Voting Guidelines") that is designed to ensure that it satisfies its fiduciary obligation.
- c. In certain cases, ANDA's investment team may collaborate with other asset managers if they consider it to be in the best interest of investors. This may be done by signing up to collaborate on a shareholder initiative or joining other asset managers in company meetings.
- d. Where appropriate and deemed necessary, further action may be considered (i.e., resolutions, litigation, press activity, etc.), although circumstances where this conduct becomes necessary are rare.

ANDA believes that our investment team is in the best position to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on long-term shareholder value. As such, our investment team has direct responsibility for the implementation of this policy, with actions taken under the policy being monitored on a regular basis, rather than being delegated to stewardship specialists. We publish an ESG Review to summarize our work on an annual basis. The annual ESG Review will report on engagement activities for the year.

Portfolio managers are ultimately responsible for determining how to vote within the framework established by our Proxy Voting Policy. To support them, ANDA has engaged proxy voting service providers and obtains access to their research and recommendations.

Proxy Voting

We are aware of our fiduciary responsibilities to our clients where they wish us to exercise their rights as shareholders. ANDA's proxy voting structure, as outlined in our Proxy Voting Policy, is designed to ensure that proxy voting is conducted in an appropriate manner, consistent with our obligations to, and in the best interests of, our clients. Our policy is based on the view that, in our role as a fiduciary, we must vote proxies based on what we believe will maximize shareholder value as a long-term investor, and the votes we cast on behalf of our clients are intended to accomplish that objective.

ANDA may engage in proxy voting only for onshore collective investment schemes it manages under its asset management license. For such funds, ANDA follows the Korean market practice and only votes proxy for securities that exceed five percent of the fund's net asset value as of the record date. The voting record for each onshore fund advised by ANDA is available on the Korea Stock Exchange website at <http://filing.krx.co.kr/main/main.do>. Local regulations have expressly prohibited ANDA from voting proxies for its advisory clients. Nevertheless, ANDA will inform advisory clients that have requested voting advice about its views on such proxy votes. Generally, ANDA will not generally advise, in advance, how it intends to vote on any specific issue, although we may be willing to discuss the relevant context and matters under consideration.

Conflicts of Interest

The Proxy Voting policy recognizes that there may be times when meeting agendas or proposals create a material conflict of interest or the appearance of a material conflict of interest for ANDA. A conflict could arise, for example, where an affiliated company is advising a target or bidder or company management in some way is involved in a corporate finance transaction. In such a case, ANDA will typically seek to alleviate the conflict by voting in a manner consistent with the Approved Guidelines (to vote 'For' or 'Against'), or, in situations where the pre-approved guideline is to vote case-by-case, ANDA's policy is to vote the proxy item according to the majority recommendation of the independent proxy services to which we subscribe. This allows ANDA to ensure that a vote is not influenced by a material or perceived conflict of interest, yet receives the benefit of thorough analysis and recommendations designed to further long-term shareholder value.

APPENDIX A

Examples of ESG Issues

ESG issues and their potential impact on a company's financial performance differ across companies, sectors, and regions. The following list (which is not exhaustive) includes examples of potential ESG issues that ANDA may consider in developing a deeper understanding of a company and its ESG practices.

Environmental (E)	Social (S)	Corporate Governance (G)
<ul style="list-style-type: none">-Environmental impact and related risks-Greenhouse gas (GHG) emissions-New regulations and potential changes to regulation-Renewable energy-Energy efficiency-Depletion of energy resources-Chemical pollution-Waste management-Water management-Performance, transparency, and accountability	<ul style="list-style-type: none">-Workplace health and safety-Community relations-Corporate behavior-Labor standards and human rights issues in the supply chain-Performance, transparency and accountability-Product safety and quality	<ul style="list-style-type: none">-Use of capital-Board structure-Board independence-Quality of board membership-Shareholder rights / Anti-takeover measures-Management protocols-Compensation policies-Auditor structure and independence of auditors-Accounting and disclosure practices-Performance, transparency and accountability

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