

ANDA Asset Management Proxy Voting Guidelines

February 2023

OVERVIEW

Proxy voting and the analysis of corporate governance issues in general are important elements of the portfolio management services we provide to our clients who have authorized us to address these matters on their behalf. Our guiding principles in performing proxy voting are to make decisions that favor proposals that in ANDA's view tend to maximize a company's shareholder value and are not influenced by conflicts of interest.

These principles reflect ANDA's belief that sound corporate governance will create a framework within which a company can be managed in the interests of its shareholders.

To implement these guiding principles for investments in publicly-traded equities for which ANDA has voting power on any record date, we established and follow the below described proxy voting guidelines which have been based on and modeled after the proxy voting policies developed by the Institutional Shareholder Services, Inc. (ISS). These guidelines provide an important framework for analysis and decision-making; however, they are not exhaustive and do not address all potential issues.

While generally ANDA adheres to these guidelines, we have the flexibility to vote each proposal based on the specific circumstances that we believe are relevant. As a result, each proxy is analyzed and voted on a case-by case basis. The voting process reflects our understanding of a company's business, its management and its relationship with shareholders over time. In addition to our annual review of specific proxy proposals (including discussions with corporate management representatives), our investment team meets with companies throughout the year to discuss various governance and proxy voting topics. In all cases, the investment objectives and policies of the funds remain the focus. As a matter of policy, we will not be influenced by outside sources or business relationships involving interests that may conflict with those of the funds and their shareholders. The guidelines reflect the long-term approach that helps guide our investment and proxy voting decisions.

ANDA generally abstains from voting when there is not sufficient information to allow an informed decision.

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 5% 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 expressly prohibited ANDA for voting proxies for its advisory clients. Nevertheless, ANDA will inform advisory clients that have requested voting advice about its views on such proxy votes.

APPROVAL OF FINANCIAL STATEMENTS (AND DECLARATION OF CASH OR STOCK DIVIDENDS)

Generally vote for the approval of financial statements (and declaration of cash or stock dividends), unless:

- ✓ The dividend payout ratio has been consistently low without adequate justification;
- ✓ The payout is excessive given the company's financial position;
- ✓ There are concerns about the accounts presented or audit procedures used; or
- ✓ The company is not responsive to shareholder questions about specific items that should be publicly disclosed.

1. AMENDMENTS TO THE ARTICLES OF INCORPORATION

Proposals are always presented in a bundled manner. As such, in cases where the negative provisions proposed in a resolution outweigh any positive ones, vote against the whole resolution. Shareholders are advised to carefully scrutinize any changes to a company's articles as shareholders will not likely have any chance in the future to reverse the amendments once the amended articles are in place.

The following are frequently proposed amendments in Korea:

Issuance limit on new shares or convertible securities

The most contentious aspect in this proposal pertains to articles that permit companies to issue new shares, convertible bonds, and/or bonds with warrants without triggering existing shareholders' preemptive rights. Only vote for these article amendments if:

- ✓ The potential dilution ratio to existing shareholders does not exceed 20 percent; and
- ✓ The proposed issuance limit of new shares is set at no higher than 20 percent of issued shares.

Increase in authorized capital

Generally, vote for increases in authorized capital, unless:

- ✓ The increase in authorized capital exceeds 100 percent of the current authorized capital without any justification; or
- ✓ The increase in the authorized capital results in less than 30 percent of the proposed authorized capital on issue.

Stock split / reverse stock split General Recommendation

Generally vote for stock splits or reverse stock splits unless there is potential dilution impact on existing shareholders as a result of stock split and/or reverse stock split.

Preferred stock / non-voting common shares

Generally vote for the creation of a new class of preferred stock, or the issuance of preferred stock up to 50 percent of the issued capital, unless the terms of the preferred stock would adversely affect the rights of existing shareholders.

Diversification / expansion of business objectives

Generally vote for proposals to expand business objectives unless the new business takes the company into risky areas.

Establishment of audit committee General Recommendation:

Generally vote for the establishment of an audit committee as a replacement for the internal auditor system.

Stock option grant

Generally vote for a proposed stock option grant, unless:

- ✓ The maximum dilution level under the plan exceeds 5 percent of issued capital for a mature company; or
- ✓ The maximum dilution level under the plan exceeds 10 percent for a growth company.

Stock option programs for the employee stock ownership plan

Generally vote for article amendments to establish stock option programs for the Employee Stock Ownership Plan if:

- ✓ The company explicitly states that shareholders' approval will be required for the board to grant stock options to individual members of the employee stock ownership plan pursuant to the Framework Act on Labor Welfare, either prior to the grant or retrospectively at the earliest general meeting; and
- ✓ The maximum dilution level under the program does not exceed 5 percent of issued capital for a mature company and 10 percent for a growth company.

Amend quorum requirements

Vote case-by-case on proposals to amend quorum requirements. Vote against proposals to adopt a supermajority voting requirement for the removal of directors or internal auditors.

Cumulative voting

Generally vote against proposals to introduce a provision that will prohibit the use of cumulative voting in director elections.

Golden parachute clause

Generally vote against proposals to introduce a provision that entitles the company's directors to an excessive level of remuneration in the event that they are dismissed or terminated.

Authorizing board to approve financial statements and income allocation

Generally vote against proposals to introduce a provision that gives the board of directors the authority to approve financial statements and income allocation (including dividend payout). Insertion of such a clause would potentially take away shareholders' right to approve the company's dividend payment decision without any countervailing benefits.

2. ELECTION OF DIRECTORS

Korean law imposes two different sets of corporate governance standards on listed companies – one for companies whose asset size is greater than KRW 2 trillion (large companies) and the other for companies whose asset size is below KRW 2 trillion (small companies). Under Korean law, large company boards must have a majority of outside directors, and small companies are required to have a board on which one-fourth of the directors are outsiders. As of August 2022, large companies are prohibited from having a board of directors composed entirely of one gender.

Generally vote for the re/election of directors, unless:

Independence:

Any non-independent director nominees (under ISS classification) where the board is less than majority-independent (in the case of large companies) or less than 25 percent independent (in the case of small companies).

There are differences in the definition of independence between ISS and the Korean law. Examples are:

- ✓ While Korean law sets the materiality threshold of professional services at 10 percent of the service provider's annual revenue, ISS director classification sets the amount at U.S. \$10,000 per year.
- ✓ While Korean law applies a two-year cooling-off period for former executives of the company, ISS applies a five-year cooling-off period.

Composition:

- ✓ An outside director sits on more than two public company boards, in violation of the Commercial Act and accompanying presidential decree;
- ✓ If a company fails to comply with the regulations on gender diversity of the board of directors, vote against the appointment of the chairman of the Nomination Committee or other members of the Nomination Committee unless such removal from the board is expected have a material negative impact on shareholder value; and

- ✓ An outside director has attended less than 75 percent of board meetings (Korean law requires companies to disclose the attendance of outside directors only) over the most recent fiscal year, without a satisfactory explanation. Acceptable reasons for director absences are generally limited to the following:
 - Medical issues/illness;
 - Family emergencies;
 - The director has served on the board for less than a year; and
 - Missing only one meeting (when the total of all meetings is three or fewer);

- ✓ Where adequate disclosure has been provided, generally vote for the election of a CEO, managing director, executive chairman, or founder whose removal from the board would be expected to have a material negative impact on shareholder value.

Responsiveness:

Directors should respond to investor input, such as that expressed through significant opposition to management proposals, significant support for shareholder proposals (whether binding or non-binding), and tender offers where a majority of shares are tendered.

Accountability:

Climate Accountability

For companies that are significant GHG emitters, through their operations or value chain, generally vote against the responsible incumbent director(s), or any other appropriate item(s) in cases where we determine that the company is not taking the minimum steps required to understand, assess and mitigate risks related to climate change to the company and the larger economy.

Minimum steps to understand and mitigate those risks are the following. Both minimum criteria will be required to be in alignment with the policy:

Detailed disclosure of climate-related risks, such as in accordance with the framework established by TCFD, including:

- ✓ Board governance measures;
- ✓ Corporate strategy;
- ✓ Risk management analyses; and
- ✓ Metrics and targets.

Appropriate GHG emission reduction targets.

At this time, “appropriate GHG emission reduction targets” is considered medium-term GHG reduction targets or Net Zero by 2050 for Scope 1 and 2. Targets should cover the vast majority of the company’s direct emissions.

Governance Failures

- ✓ Vote against the election of a director if adequate disclosure has not been provided in a timely manner;
- ✓ Under extraordinary circumstances, vote against individual directors, members of committees, or the entire board, due to:
 - Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company;
 - Failure to replace management as appropriate; or
 - Egregious actions related to a director's service on other boards that raise substantial doubt about his/her ability to effectively oversee management and serve the best interests of shareholders at any company.

Generally vote against directors for failure to remove a director convicted of wrongdoing from the board.

For cases where the election of multiple directors are presented as a bundled item, vote against the entire slate of directors if one of the nominees presents any of the governance concerns highlighted above

Board Structure

- ✓ Generally, vote for proposals to fix board size:
 - Vote against proposals to introduce mandatory retirement ages for directors; and
 - Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.

3. ELECTION OF AUDIT COMMITTEE MEMBERS (OR INTERNAL AUDITOR)

Under Korean law, large companies are required to establish an audit committee comprising a minimum of three members, two-thirds of whom should be outside directors (including the chair). Korean law also requires that at least one audit committee member possess accounting or related financial management expertise or experience.

Election of Audit Committee Member(s)

Vote case-by-case on the election of audit committee members. Consider the history of a particular director when deciding whether to vote in favor of his/her (re)election.

Examples of circumstances where a vote against an audit committee member's (re)election should be considered include:

- ✓ There are serious concerns about the statutory reports presented or audit procedures used;
- ✓ A director has had significant involvement with a failed company;

- ✓ A director has in the past appeared not to have acted in the best interests of all shareholders;
- ✓ A director has breached fiduciary duties or engaged in willful misconduct or gross negligence in his/her capacity as a director (irrespective of whether such wrongdoing brings claims of losses and/or damages to the company);
- ✓ A director has been indicted by the Prosecutors' Office and there are pending investigations;
- ✓ An outside director has attended less than 75 percent of board meetings in the most recent financial year, without a satisfactory explanation;
- ✓ An outside director sits on more than two public company boards, in violation of the Commercial Act and accompanying presidential decree;
- ✓ A non-independent director (under ISS classification) seeks to become an audit committee member (for large companies);
- ✓ A non-independent director (under ISS classification) seeks to become an audit committee member and the audit committee is less than two-thirds independent (for small companies);
- ✓ A director has engaged in some significant transactions with the company in the last three years and he/she cannot reasonably be seen to have the necessary objectivity and independence; or
- ✓ Other questions exist concerning any of the audit committee members being appointed.

Election of Internal Auditor(s)

Under Korean law, small companies are required to appoint at least one internal auditor. These companies may alternatively choose to establish an audit committee.

Vote case-by-case on the election of audit committee members. Consider the history of a particular internal auditor when deciding whether to vote in favor of his or her (re)election.

Examples of circumstances where a vote against an internal auditor's (re)appointment should be considered include:

- ✓ There are serious concerns about the statutory reports presented or audit procedures used;
- ✓ The internal auditor(s) has previously served the company in an executive capacity or can otherwise be considered affiliated with the company;
- ✓ A nominee has had significant involvement with a failed company;
- ✓ A nominee has breached fiduciary duties or engaged in willful misconduct or gross negligence in his/her capacity as an internal auditor (irrespective of whether such wrongdoing brings claims of losses and damages to the company);
- ✓ A nominee has been indicted by the Prosecutor's Office and there are pending investigations;
- ✓ A nominee has engaged in some significant transactions with the company in the last three years and he/she cannot reasonably be seen to have the necessary objectivity and independence; or

- ✓ Other questions exist concerning any of the internal auditors being appointed.

For those small companies which choose to create an audit committee in place of the internal auditor system vote for the election of an inside director as an audit committee member only if the company's audit committee, after the election, satisfies the legal requirement.

Establishment of Audit Committee(s)

Generally, vote for the establishment of an audit committee as a replacement for the internal audit system.

4. COMPENSATION

Remuneration Cap for Directors

Generally vote for approval of the remuneration cap for directors, unless:

- ✓ The proposed cap on directors' remuneration is excessive relative to peer companies' remuneration without reasonable justification; or
- ✓ The company is asking for an increase in the remuneration cap where the company has not provided a reasonable justification for the proposed increase.

Remuneration Cap for Internal Auditors

Generally vote for the remuneration cap for internal auditors, unless:

- ✓ The proposed remuneration cap for internal auditors is excessive relative to peer companies' remuneration caps without reasonable justification; or
- ✓ The company is asking for an increase in the remuneration cap where the company has not provided a reasonable justification for the proposed increase; or
- ✓ There are serious concerns about the statutory reports presented or audit procedures used.

Stock Option Grants

In Korea, the manner in which stock options are granted and exercised is stipulated under the law.

Under Korean law, companies are allowed to grant stock options up to 15 percent of the total number of issued shares pursuant to a shareholder meeting resolution. The board is also allowed to grant stock options up to 3 percent of the total issued shares and to seek shareholders' approval retrospectively at the first general meeting after the grant.

Generally vote for stock option grant proposals, unless:

- ✓ The maximum dilution level under the plan exceeds 5 percent of issued capital for a mature company; or
- ✓ The maximum dilution level under the plan exceeds 10 percent for a growth company.

Generally vote for the establishment of, or amendments, to executives' severance payment terms, unless:

- ✓ The company fails to provide any information in regard to the changes to the terms of severance payments to executives;
- ✓ The negative provisions proposed in a resolution outweigh any positive ones; and/or
- ✓ The company proposes to introduce a new clause that is effectively a golden parachute clause.

5. SPINOFF AGREEMENT

Generally vote for the approval of a spinoff agreement, unless:

- ✓ The impact on earnings or voting rights for one class of shareholders is disproportionate to the relative contributions of the group;
- ✓ The company's structure following the spinoff does not reflect good corporate governance;
- ✓ There are concerns over the process of negotiation that may have had an adverse impact on the valuation of the terms of the offer; and/or
- ✓ The company does not provide sufficient information upon request to make an informed voting decision.
- ✓ There is an accompanying reduction in capital.

Generally vote for proposals to reduce capital for routine purposes unless the terms are unfavorable to shareholders.

6. REDUCTION IN CAPITAL

Reduction in capital accompanied by cash consideration

Generally vote for proposals to reduce a company's capital that accompany return of funds to shareholders and are part of a capital-management strategy and an alternative to a buyback or a special dividend. Such a resolution is normally implemented proportionately against all outstanding capital, and therefore do not involve any material change relative to shareholder value.

Reduction in capital not accompanied by cash consideration

Generally vote for proposals to reduce capital that do not involve any funds being returned to shareholders. A company may take this action if its net assets are in danger of falling below the aggregate of its liabilities and its stated capital. Such proposals are considered to be routine accounting measures.

7. MERGER AGREEMENT, SALES/ACQUISITION OF COMPANY ASSETS, AND FORMATION OF HOLDING COMPANY

Generally vote for the approval of a sale of company assets, merger agreement, and/or formation of a holding company, unless:

- ✓ The impact on earnings or voting rights for one class of shareholders is disproportionate to the relative contributions of the group;
- ✓ The company's structure following such transactions does not reflect good corporate governance;
- ✓ There are concerns over the process of negotiation that may have had an adverse impact on the valuation of the terms of the offer;
- ✓ The company does not provide sufficient information upon request to make an informed voting decision; and/or
- ✓ The proposed buyback price carries a significant premium at the date of writing, conferring on shareholders a trading opportunity.

Discussion

The company-level transactions that require shareholders' approval include: sale/acquisition of a company's assets or business unit; merger agreements; and formation of a holding company. For every analysis, ISS reviews publicly available information as of the date of the report and evaluates the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors.

Valuation

Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, ISS places emphasis on the offer premium, market reaction, and strategic rationale.

In Korea, under the Capital Market and Financial Investment Business Act (CMFIB), a fairness opinion is not required for companies with listed shares because the Act specifically sets out all relevant steps and the manner in which the proportion of shares should be divided between the acquirer and target. The CMFIB requires the stock swap ratio between listed companies to be determined by a specific formula which is based on the historical prices and trading volumes.

For transactions between an unlisted company and a listed company, a fairness opinion should be obtained from the independent advisers who review the fairness of the stock swap ratio and the compliance with the governing laws and regulations.

Market reaction

How has the market responded to the proposed deal? How did the company's stock price react following the announcement compared to those of its peers? A negative market reaction will cause ISS to scrutinize a deal more closely.

Strategic rationale

Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.

Conflicts of interest

Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-inside shareholders? ISS will consider whether any special interests may have influenced these directors and officers to support or recommend the merger.

Governance

Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

Trading opportunity from the dissident's right

Does the proposed buyback price carry a premium or confer on shareholders a trading opportunity? In Korea, the Corporate Act entitles shareholders to exercise a dissident's right (also known as a right of withdrawal, appraisal right, or buyback right) when the company resolves to engage in such transactions as a sale/acquisition of business, merger, or formation of a holding company.

A dissident's right is the right of shareholders to have their shares bought back by the company at a pre-determined buyback price in the event that shareholders dissent with management on a proposed merger. The manner in which the share buyback price is determined is stipulated under Korean law.

We consider whether the proposed buyback price carries a significant premium as of the date of analysis and states in the analysis whether the proposed buyback price confers on shareholders a trading opportunity at the time of analysis. However, shareholders who are interested in exercising the right of withdrawal are advised to reevaluate the size of premium/discount attached to the proposed buyback price, if any, closer to the meeting date and ensure that a written notice of intention of dissent is submitted well in advance of the general meeting.

8. SHAREHOLDER PROPOSALS

Generally vote for shareholder proposals that would improve the company's corporate governance or business profile at a reasonable cost.

Generally vote against proposals that potentially limit the company's business activities or capabilities or result in significant costs being incurred with little or no benefit.

Generally vote against shareholder-nominated candidates who lack board endorsement, unless they demonstrate a clear ability to contribute positively to board deliberations.

9. SOCIAL/ENVIRONMENTAL ISSUES

General Approach

Issues covered under the policy include a wide range of topics, including consumer and product safety, environment and energy, labor covered standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short term or long term.

Generally vote case-by-case, taking into consideration whether implementation of the proposal is likely to enhance or protect shareholder value, and in addition the following will be considered:

- ✓ If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- ✓ If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
- ✓ Whether the proposal's request is unduly burdensome (scope, timeframe, or cost) or overly prescriptive;
- ✓ The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
- ✓ Whether there are significant controversies, fines, penalties, or litigation associated with the company's practices related to the issue(s) raised in the proposal;
- ✓ If the proposal requests increased disclosure or greater transparency, whether or not reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- ✓ If the proposal requests increased disclosure or greater transparency, whether or not implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

Say on Climate (SOC) Management Proposals

Generally vote case-by-case, on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan. In addition, the following will be considered:

- ✓ The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards;
- ✓ Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3);
- ✓ The completeness and rigor of the company's short, medium, and long term targets for reducing operational and supply chain GHG emissions;
- ✓ Whether the company has received third-party approval that its targets are science-based;

- ✓ Whether the company has made a commitment to be “net zero” for operational and supply chain emissions by 2050.
- ✓ Whether the company discloses a commitment report on the implementation of its plan in subsequent years;
- ✓ Whether the company’s climate data has received third-party assurance;
- ✓ Whether there are specific industry decarbonization challenges; and
- ✓ The company’s related commitment, disclosure, and performance compared to industry peers.

Say on Climate (SOC) Shareholder Proposals

Generally vote case-by-case, on shareholder proposals that request the company to disclose a report providing its GHG emission levels and reduction targets and/or its upcoming climate transition plan. In addition, the following should be considered:

- ✓ The completeness and rigor of the company’s existing climate-related disclosure;
- ✓ The company’s GHG emissions performance;
- ✓ Whether the company has recently been the subject of significant violations, fines, litigation or controversy related to its GHG emissions; and
- ✓ Whether the proposal’s request is unduly burdensome (scope or timeframe) or overly prescriptive.

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