Engagement Philosophy

We aim to use our influence as investors to encourage companies to adopt sustainable business practices that promote stable long-term growth and reduce material ESG risks over time.

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.

While engagement is fundamentally about communication, it can take a variety of forms. These depend on the type of investment, the investment time horizon, the investment beliefs around shareholder responsibilities and the level of interest from clients. Through engagement, we create an open dialogue with investee companies and ESG service providers to deepen our understanding of ESG issues. ANDA aims to improve long-term results by mitigating ESG risks that could alter the valuation, fundamentals or strategies of companies we invest in.

Engagement Process

ANDA defines engagement as direct conversations with companies which include seeking positive change in corporate behavior, challenging corporate practices, requesting improved ESG disclosure, and monitoring and providing feedback on corporate ESG strategy. Company participants range from board level management to subject matter experts from the company. The purpose of engagement is wide ranging and includes the following methods:

➢ Developing constructive relationships with company counterparts
➢ Addressing issues outside the scope of analysts’ ongoing due diligence meetings
➢ Collecting specific information on an ESG topic.
➢ Understanding the pace of change within a company in addressing concerns.
➢ Discussing an upcoming vote.
➢ Adding to the overall view of a company

In 2018, the ANDA team has met with 459 companies and has engaged with 70 of the companies in its portfolios. The themes we touched on include the following:

Engagement themes

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Customer-supplier relationship</td>
<td>ESG strategy</td>
</tr>
<tr>
<td>Environmental strategy</td>
<td>Labor relations &amp; Human resources</td>
<td>Board structure</td>
</tr>
<tr>
<td>Pollution and waste management</td>
<td>Product responsibility</td>
<td>Executive remuneration</td>
</tr>
<tr>
<td>Water</td>
<td>Local communities</td>
<td>Shareholder protection and rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Succession planning</td>
</tr>
</tbody>
</table>
ANDA’s Engagements

Case 1: E-Mart (Governance)

Our team spoke with one of the largest retail chain operators in Korea to discuss several ESG concerns raised by a local ESG research and data provider (KCGS). According to the ESG report, the company has been funneling sales to an affiliate company. In regards to this issue, the company stated that the internal transactions were legal, and that there was a contract made with the affiliate to manufacture a large portion of the company's private brand products. Additionally, the management mentioned that the company is making a conscious effort to improve its ESG rating and has been participating at SRI conferences to help promote sustainability. We continue to hold our position in this company.

Case 2: JW Life Science (Social)

A pharmaceutical company was identified as having been assessed with a poor S rating by an external ESG research and data provider. According to the data provider, it was unconfirmed whether the company conducted proper employee compliance training. ANDA's investment team met with the company’s management and explained the possible reason for the poor rating. Our checks revealed that the company conducts the relevant training (ie. anti-corruption, fair trade, etc.) twice a year, and also has in place support programs for business partners. Our investment team was satisfied with the company’s response to this issue and other ESG issues, and we revised up our rating for JW Life Science.

Case 3: Hyundai Mobis (Environment)

ANDA engaged with one of Korea’s largest auto parts manufacturer in 2018 to discuss the company's long-term plans in regards to climate change. We were pleased to see the company was well aware and prepared for the growing environmental concerns and regulations in the auto sector. One regulation we spoke about in particular was China’s NEV policy. As of January 1, 2019, 10% of all cars manufactured in China by a foreign or domestic auto company must be a NEV. The threshold will be hiked to 12% in 2020 and every year thereafter until approximately 20% of all new cars made in China are NEVs. The company explained their internal plans to continue increasing capex for eco-friendly vehicles and work to minimize carbon emissions overall. Our investment team was satisfied with the company’s response to this issue and other ESG issues, and we continue to hold this position.

Case 4: Murim P&P (Environment)

Our investment team met with a paper and pulp products manufacturer in Korea to discuss fundamental business issues and several ESG concerns including disclosure on carbon emissions, especially because it had received a poor E rating by an external ESG research and data provider. After reviewing information gained through the engagement, our checks revealed that the company was making efforts to improve sustainability practices. We have not decided to invest but the company remains on our watch list.