



Stewardship Approach

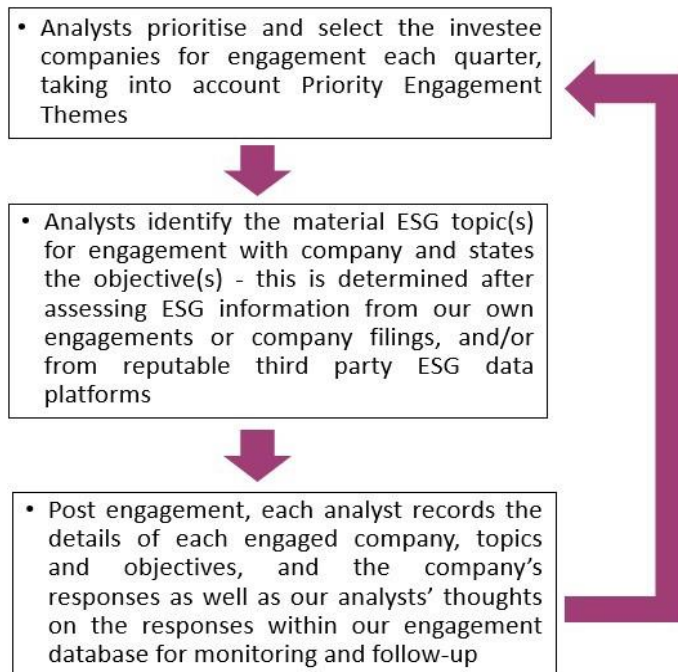
1. Active ownership is an integral component of Lion Global Investors' (LGI's) fundamentally driven approach to money management that aligns with LGI's investment philosophy. Our stewardship approach serves two purposes. Firstly, it helps our investment teams provide the best performance for our clients' investment portfolios as the results of our stewardship activities contribute to security research and investment decisions. Secondly, our overall stewardship efforts should over time, encourage better sustainability practices and serve to uplift the standard of companies across the different sectors that we invest in.
2. This Stewardship Approach would apply to fixed income and listed equities securities.

Active Engagement

3. Through effective engagement, we hope to gather as much vital information as possible in relation to a company's business and strategy, including their stance towards material environmental, social and governance (ESG) issues and where applicable, to encourage improvement in addressing material ESG risks or disclosure; how we define material ESG issues is laid out in LGI's Sustainability Approach.
4. Both the equities and fixed income teams are responsible for carrying out the engagement activities.
5. Engagement activities are important even after the securities enter our investment portfolios, as we need to continuously assess the risk and return profile of each investee company and shape their corporate behavior. This helps steer companies towards more sustainable business practices over time and could in turn further improve the quality of our investment holdings.
6. We expect that investee companies under engagement should display a willingness and ability to engage and improve. Even so, we know through our investment teams' experience that generating substantial positive results from

engagement efforts take approximately three years. Throughout the engagement period, the investment teams keep track of these companies' progress while keeping in mind the investment thesis and our investment positions. The three-year mark is also in line with how our investment teams think about the investment horizon (see LGI's Sustainability Approach).

7. The engagement process takes on the steps illustrated in the chart below:



8. An engagement summary would be provided to the management committee and the Board on a semi-annual basis as part of the update on the ESG status of our investment portfolio, as stated in LGI's Sustainability Approach. We have also published an engagement summary on our sustainability website for stakeholders' information ([Engagement Summary | Lion Global Investors](#)).

Priority Engagement Themes

9. Poorer ESG ratings - ESG ratings are derived based on material ESG issues for each company. Those with below average ratings would generally be prioritized.
10. Environmental risk – Environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. It also has the potential to financially impact our investment risks and returns.

- a. Coal – Since 4Q 2021, for a sub-group of investee companies which derive 20% or more annual revenue from coal mining, or with 20% or more coal share of power production, we focus on engaging these companies to understand their energy transition plan and timeframe in reducing coal exposure and encourage adherence with international recommended phaseout timeline and monitor for progress.
 - b. Top carbon emitters - In 2022, as part of our efforts to support the required transition towards a low carbon economy, LGI begun prioritizing engagements with the higher carbon emitters¹ within our portfolio, including but not limited to names within the Utilities sector. Through the effort, it helps us understand and assess the companies' transition plans and encourage improvements in environmental risk disclosure and the setting of net zero emission target in alignment with the Paris Agreement.
11. Human rights – Since 2020, LGI's employee handbook has stated that all our employees are to help ensure that there are no slavery (including modern slavery) and human trafficking within our directly employed workforce, where this Human Resource policy was approved for implementation by Board. In 2021, human rights considerations have been incorporated into our supplier code of conduct where our appointed vendors must attest that the workers in their supply chain are treated fairly, provided a safe working environment and meet the labour regulations in the respective countries. On the investment front, LGI is aware of the double materiality concerns coming from increasing attention and due diligence on human rights as part of international standards and in major regions and countries. Beginning 2021, LGI implemented a holdings limit on companies with exploitive labour practices that are focused on the International Labour Organisation's (ILO's) set of labour standards for specific clientele representing most of our assets under management. In 2023, we have also begun to prioritize engagements with companies that failed the ILO's labour standards² across our portfolio holdings to assess if the companies' labour policies have fallen short and if so, to assess the pace and steps taken on improvement and to encourage further improvements if current efforts are found to be insufficient.

¹ We identify the top ten carbon emitters across carbon metrics of carbon emission, financed carbon emissions and weighted average carbon intensity that are derived from our appointed third party ESG data provider's database.

² These names are derived from our appointed third party ESG data provider's database where they rely on public sources to indicate companies' involvement based on allegations and criticisms.

Prudent and Effective Voting

12. Engagement efforts can be further reinforced by exercising our proxy voting rights with prudence. We support resolutions that promote long term sustainability of companies in our portfolios and would vote in a way that encourage companies to address material ESG issues in a sustainable manner. This is aligned with our investment philosophy and fiduciary duty to act/ vote in a manner to provide the best performance for our clients' investment portfolios.

Proxy Voting for Discretionary and Non-Discretionary Mandates

13. In executing our proxy voting rights for discretionary mandates³, LGI engages the services of a reputable third-party proxy advisor with global experience, where the third-party proxy advisor's voting policies are aligned with LGI's voting policies. We do not vote in cases where it may be impractical to vote, such as stocks with share blocking⁴, or in certain circumstances where stocks are part of a security lending program (more details below under Securities Lending and Proxy Voting). For non-discretionary mandates, votes are decided by our clients.

14. Specifically, our core voting policies for discretionary mandates serve to align with MAS guidelines on voting policies⁵ and to address environmental and social issues as follows:

1. Board of Directors	
Election of directors	Support proposals to elect directors that would enhance the independence of board decisions and adequately represent the shareholders and protect their interest.
Board structure and size	Support proposals for such structure and size that would enhance the independence of the board and of its committees, such as the election and appointment of independent directors to the

³ Our voting policies are documented within LGI's Investment and Voting Policy

⁴ Share blocking is a process in which shareholders deposit their shares at a bank or other financial institution for a set period of time before and after a shareholders meeting in order to be eligible to vote. However, this would lead to failed trades for such shares if it settles during the blocked period and hence might not be in the best interest for our clients. For such shares, our appointed proxy voting advisor would be instructed not to vote.

⁵ [MAS](#) Guidelines on Investment and Voting Policies issued to banks and their affiliates under the Banking Regulations

	board and such committees in such proportion of representation that reflects local market practice and regulatory requirements (if any).
Term and age limits for directors	Support proposals that would promote board refreshment.
Retirement	Support proposals that would promote board refreshment.
Board diversity	Support proposals that would promote diversity on the board subject to the availability of suitably qualified nominees.
Board oversight of Environmental and Social Issues	Support proposals that provide explicit disclosure on the Board's oversight and accountability for environmental and social risks

2. Compensation Plans	
Directors' remuneration	Support remuneration proposals that promote transparency and a close correlation to and commensuration with performance (measured according to appropriate goals and metrics) and which are not unreasonable or excessive relative to the entity's peers.
Director retirement plans	Not support retirement plans for non-executive directors and support such other plans on a case-by-case basis based on the directors' contribution to the entity and the terms of such plans.
Stock option plans	Support proposals for plans that promote transparency and a close correlation to and commensuration with performance (measured according to appropriate goals and metrics) and which are not unreasonable or excessive relative to the entity's peers.
Incentive compensation plans	Support proposals for plans that promote transparency and a close correlation to and

	commensuration with performance (measured according to appropriate goals and metrics) and which are not unreasonable or excessive relative to the entity's peers.
Employee share purchase plans	Support proposals for plans with terms that would promote the interests of the shareholders, and which are not unreasonable or excessive relative to the entity's peers.

3. Restructuring and Transactions	
Mergers and acquisitions	Vote against proposals to establish anti-takeover measures that would reduce management accountability. Support for any proposal of merger or acquisition would be considered on a case-by-case basis based on the terms of the merger or acquisition.
Restructuring/reorganization	Support for any proposal of restructuring or reorganization would be considered on a case-by-case basis based on the terms of the restructuring or reorganization.
Related party transactions	Support for related party transactions would be considered on a case-by-case basis based on the terms of the transaction.

4. Capital Structure	
Increase in authorised capital	Support proposals to increase authorised capital unless the increase would be so excessive as to reduce management's accountability in the financing of significant transactions.
Issuance of shares and rights	Support proposals that issue shares with voting rights that proportionately reflect a shareholder's economic stake and parity of voting rights among common shareholders. Support the issue of

	shares and rights where it would be in the interest of the shareholders.
Reduction of share capital	Support proposals for share capital reduction on a case-by-case basis based on the terms of the capital reduction.
Issuance of debt	Support for the issuance of debt would be considered on a case-by-case basis based on the terms of the debt issuance.
Share buy-back	Support for proposals of share buy-backs would be considered on a case-by-case basis based on the terms of the share buy-back, which should be equitable to all shareholders.

5. Standard agenda items	
Director, auditor, and financial statement reports	Support proposals in such published reports and statements except where there are concerns about the integrity of the statements or reports.
Appointment of auditors and auditor compensation	Support management's recommendation regarding the selection of an auditor and to grant the board the authority to fix the auditor's fees except where there is reason to doubt the independence of the auditor, where the proposed fees appear excessive or where there are doubts as to the auditor's effectiveness.
Allocation of income and dividends	Support proposals on the allocation of income and dividends unless the dividend payout ratio is exceptionally low or excessively high relative to the entity's peers without a satisfactory explanation.

15. On meeting proposals surrounding environmental and social issues, we agree with our proxy advisor's approach to evaluate the proposals on a case-by-case basis. This is to take into consideration factors including but not limited to: the adequacy of information required to make an informed decision, whether it would encourage

the company to address material environmental and social issues in a sustainable manner, where the company is at in terms of fulfilling the requirements of the proposals, the company's management of reputational risks associated with the issues, and whether the proposals would mean the board abdicating some of their responsibilities as shareholders weigh in. Having said that, generally, there would be support for proposals that request for more disclosure. The extract of our proxy advisor's policy guidelines on climate change and human rights have been attached as an appendix.

16. While the proxy advisor offers vote recommendations and conducts vote executions on behalf of LGI, our investment teams have the ability to override the recommendations should there be differing views on what is deemed to be in the best interest of our clients.
17. On a periodic basis, a voting summary would be provided to the management committee and the Board as part of the update on the ESG status of our investment portfolio (see LGI's Sustainability Approach). We have also published our proxy voting records on our sustainability website for stakeholders' information ([Proxy Voting Records | Lion Global Investors](#)).

Securities Lending and Proxy Voting

18. Subject to permissibility, clients' securities are loaned out to others through an appointed securities lending agent to add value for clients by generating an additional income.
19. Our policy on securities lending in relation to proxy voting is to maintain a certain level of control over proxy voting activities by putting in place limits to control the amount that is lent. Firstly, we limit our loan per security to 50% of what we hold. In addition, we have a standing instruction for both our appointed proxy voting advisor and the securities lending agent, where our appointed proxy voting advisor would produce a regular report of stocks with upcoming proxy votes on material issues and the securities lending agent would ensure the recall of the shares of such stocks or ensure that these shares are not loaned out on our behalf as necessary for voting purposes.

Conflict of interests in vote execution

20. In addition to the broad conflict of interest policy that applies to all employees within LGI (see LGI's Sustainability Approach), LGI also addresses conflict of interests for vote execution in our Investment and Voting policy. In situations where there exists or is likely to result in a conflict of interest, for instance, due to relationships between an investee company and LGI's substantial shareholders or senior management, LGI has to either obtain instructions from the affected segregated account client(s) or to exercise such vote in consultation with the trustee under a collective investment scheme arrangement.

Escalation process

21. We recognize that successful engagement requires ongoing monitoring and continuous dialogue. If we have engaged multiple times without seeing significant progress, we may escalate our concerns. Several factors, such as materiality and impact, are considered when determining if escalation is necessary and which steps should be taken. Decisions on whether and how to escalate are decided on a case-by-case basis. Our preference is to achieve our goals in a consensual and private manner. We may seek to engage with members of the Board or other more senior company representatives, amongst other options available to an active manager. In some instances, we may participate in collaborative engagement initiatives. In certain instances, we may choose to divest or impose exposure limits. Having said that, our preference is always to engage and support transition, rather than to divest.

Our Stewardship Role in the Broader Community

22. LGI seeks to play an active role in the creation and development of a sustainable capital market. At an organization level, we believe that policy, regulations and industry standards are fundamental in providing guidance to all industry participants such that the society and the economy can progress in the right direction. We have and will continue to engage with policymakers and regulators in the development of sustainable policies and financial systems either directly through any regulator's industry engagement sessions or surveys, or engagements organized by industry bodies that LGI has participation in, such as the Asia Investor Group on Climate Change (AIGCC) through the membership of

⁶ Starting from 2020 for Fixed Income and Japan Equities and 2021 for Asian Equities

Great Eastern Singapore, Investment Management Association of Singapore (IMAS), or Principles for Responsible Investment (PRI).

23. In terms of engagement rules, our employees conducting the engagements with policymakers and regulators are subject to a non-bribery clause in LGI's compliance manual where any gifts for any regulatory or government official needs to be pre-approved by our Regulatory Compliance department and our assets should not be used in providing support for any political organization or candidate.
24. As a signatory of the PRI, a member of the IMAS and through participation in AIGCC events or sessions, we look to learn from peers and are open to sharing our views and experience to assist in raising sustainable investment standards in the industry. LGI is currently participating in the Paris Aligned Investment working group, Engagement and Policy working group and the China working group of the Asia Investor Group on Climate Change (AIGCC) through the membership of Great Eastern Singapore. Through participation, LGI is also learning how policy advocacy can also help drive more ambitious corporate climate action.
25. At the investment level, LGI is also open to joint collaborations in engagement activities with other like-minded investors to push for improvements in companies that we have an interest in. In such instances, it could lead to a more efficient and effective approach to raising sustainability standards that benefit our clients' portfolios. We have made some progress in this area in 2023, as LGI is participating in the Asian Utilities Engagement Program (AUEP) of the Asia Investor Group on Climate Change (AIGCC) through the membership of Great Eastern Singapore.

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Extract of Glass Lewis' 2024 Benchmark Policy Guidelines — Shareholder Proposals & ESG-Related Issues

Climate Change

Climate-Related Lobbying

On a global basis, companies have begun providing additional disclosure concerning how they are ensuring that corporate funds are being spent in ways that further their objectives with respect to climate policy. As such, there is a growing acknowledgement by investors and companies that ensuring alignment between stated values and lobbying expenditures, including those of trade associations, is an important consideration. When companies actively lobby, whether directly or indirectly, in a manner that seems to contradict their espoused priorities and positions, it can result in the inefficient use of corporate resources, confuse a company's messages, and expose a company to significant reputational risks. Accordingly, Glass Lewis will generally recommend in favor of proposals requesting more information on a company's climate-related lobbying. When reviewing proposals asking for disclosure on this issue, we will evaluate: (i) whether the requested disclosure would meaningfully benefit shareholders' understanding of the company's policies and positions on this issue; (ii) the industry in which the company operates; (iii) the company's current level of disclosure regarding its direct and indirect lobbying on climate change-related issues; and (iv) any significant controversies related to the Company's management of climate change or its trade association memberships. While we will generally recommend that companies enhance their disclosure on these issues, we will generally recommend against any proposals that would require a company to suspend its memberships in industry associations in or otherwise limit a company's ability to participate fully in the trade associations of which it is a member.

Climate Reporting

Because climate change can have broad and wide-ranging impacts, we believe that climate change is an issue that should be addressed and considered by companies in every industry. Accordingly, we will generally recommend in favor of shareholder resolutions requesting that companies provide enhanced disclosure on climate-related issues, such as requesting that the company undertake a scenario analysis or report against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). While we are generally supportive of proposals seeking this enhanced disclosure, we will closely evaluate the request of each resolution in the context of a company's unique circumstances and will evaluate the following when making vote recommendations: (i) how the company's operations could be impacted by climate-related issues; (ii) the company's current policies and the level and evolution of its related disclosure; (iii) whether a company provides board-level oversight of climate-related risks; (iv) the disclosure and oversight afforded to climate change-related issues at peer companies; and (v) if companies in the company's market and/or industry have provided any disclosure that is aligned with the TCFD's recommendations.

We may recommend against these proposals, however, if we believe that a company's existing climate policies or reporting sufficiently address the request of the resolution or if we do not believe that adoption of the resolution, as written, is consistent with long-term shareholder value creation.

Say on Climate

Shareholder Proposals

Beginning in 2021, companies began placing management proposals on their ballots that ask shareholders to vote on their climate transition plans, or a Say on Climate vote. Glass Lewis is broadly supportive of companies' providing robust disclosure concerning their climate strategies. However, we have some concerns regarding the implications associated with companies' Say on Climate votes. Generally, we believe that the setting of a company's business strategy is a function that is best served by the board, which has a fiduciary duty to shareholders. By allowing shareholders to weigh in on a company's long-term climate strategy (which we believe should be closely aligned with and integrated into a company's long-term business strategy), the board may be abdicating some of this responsibility. Additionally, we have observed over the past year that shareholders are being asked to make informed voting decisions associated with the setting of companies' long-term business strategy – as is the case with the establishment of net zero emissions goals to 2050 - with potentially incomplete information relating to operational changes and related costs.

Given the concerns raised above, Glass Lewis will generally recommend against shareholder proposals requesting that companies adopt a Say on Climate vote. However, when evaluating these proposals, Glass Lewis will make note of and potentially consider: (i) the request of the resolution; (ii) the company's existing climate governance framework, initiatives, and reporting; (iii) the company's industry and size; and (iv) the company's exposure to climate-related risks. While we generally have concerns regarding companies adopting a Say on Climate vote, as previously noted, we are supportive of companies providing disclosure concerning their climate-related risks and opportunities and will apply the policies enumerated in our "Climate Reporting" guideline when requests for the production of climate transition plans are disaggregated from proposals requesting that shareholders be afforded a vote on these plans.

Management Proposals

When evaluating management-sponsored votes seeking approval of climate transition plans we look to the board to provide information concerning the governance of the Say on Climate vote. Specifically, we believe that companies should provide information concerning the board's role in setting strategy in light of this vote, and how the board intends to interpret the vote results for the proposal. We also believe that companies should be engaging with investors prior to and after the vote and will favorably view disclosure of information concerning these engagement efforts. In instances where disclosure concerning the governance of the Say on Climate vote is not present, Glass Lewis will either recommend that shareholders abstain, or, depending on the quality of the plan presented, will recommend that shareholders vote against the proposal.

Regardless of disclosure concerning the governance of a company's Say on Climate vote, Glass Lewis will evaluate the quality of the climate transition plans presented by companies on a case-by-case basis. Because Say on Climate votes are relatively nascent, best practices or the standardization of the proposals or underlying disclosures have not been developed. Absent such standards, Glass Lewis looks to companies to clearly articulate their climate plans in a distinct and easily understandable document, which we believe should be aligned with the recommendations of the TCFD. In this disclosure, it is important that companies clearly explain their goals, how their greenhouse gas emissions (GHGs) targets support achievement of any climate-related goals (e.g., net zero emissions goals), and any foreseeable obstacles that could hinder their progress on these initiatives.

When evaluating these proposals, we will take into account a variety of factors, including: (i) the request of the resolution (e.g., whether companies are asking shareholders to approve its disclosure or its strategy); (ii) the board's role in overseeing the company's climate strategy; (iii) the company's industry and size; (iv) whether the company's GHG emissions targets and the disclosure of these targets appear reasonable in light of its operations and risk profile; and (v) where the company is on its climate reporting journey (e.g., whether the company has been reporting and engaging with shareholders on climate risk for a number of years or if this is a relatively new initiative).

Setting GHG Reduction Targets

On a case-by-case basis, we will consider supporting well-crafted proposals requesting that companies report their greenhouse gas (GHG) emissions and adopt a reduction goal for these emissions. Particularly for companies operating in carbon- or energy- intensive industries, such as those in the basic materials, integrated oil and gas, iron and steel, transportation, utilities and construction industries, we believe that managing and mitigating carbon emissions are important to ensuring companies' long-term sustainability. As such, we will carefully review these proposals on a case-by-case basis, taking into account: (i) the industry in which the company operates; (ii) the existence of robust risk management of environmental issues as evidenced by material fines, lawsuits or reputational damage; and (iii) the disclosure and GHG reduction targets adopted by the company's peers.

Human Rights

Glass Lewis believes explicit policies set out by companies' boards of directors on human rights provide shareholders with the means to determine whether companies have taken steps to mitigate risks from their human rights practices. We believe that it is prudent for a company to actively evaluate risks to shareholder value stemming from global activities and human rights practices along its entire supply chain. Findings and investigations of human rights abuses can inflict, at a minimum, reputational damage on targeted companies and have the potential to dramatically reduce shareholder value. This is particularly true for companies operating in extractive industries and in politically unstable regions. As such, while we typically rely on the oversight of the board on these important policy issues, we recognize that, in some instances, shareholders could benefit from increased reporting or further codification of human rights policies.