

Stewardship Strategy

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.

Active Engagement

2. 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. The end goal is to identify a list of issuers where the management already incorporates, or is committed to address pertinent ESG issues and capture investment opportunities in a sustainable way. Engagement could also help identify emerging ESG trends within sectors.
3. Both the equities and fixed income teams are responsible for carrying out the engagement activities. They prioritize ESG issues and companies for engagement based on the principle of materiality.
4. 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.
5. 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 strategy).

Prudent and Effective Voting

6. 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.
7. In executing our proxy voting rights, LGI engages the services of a reputable third party proxy advisor with global experience. While the proxy advisor offers vote recommendations, LGI 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.

Conflict of interests in vote execution

8. In cases where there exists a potential conflict of interest, for instance, due to relationships between an investee company and LGI's substantial shareholders or senior management, our investment teams have to either obtain instructions from a segregated account client or to exercise such votes in consultation with the trustee under a collective investment scheme arrangement.

Escalation process

9. There is also an escalation process in place for investee companies that have either deteriorated or made insufficient progress in areas material to the companies' business sustainability. After approximately three years of assessment or less, taking into account engagements efforts and where applicable, the prudent exercise of our voting rights, such companies with poorer sustainability efforts would initially be placed on a restricted list where investment teams are not allowed to increase allocation while the investment teams confirm the assessment in consultation with the CIO, head of asset class, and the ESG department. If the verdict is such that the investee company has material ESG risks that are unlikely to be rectifiable in a reasonable period and would cause

harm to the performance of the portfolio, the company and its securities would enter a blacklist where investment teams have to divest their holdings with no further investments permitted.

Our Stewardship Role in the Broader Community

10. LGI seeks to play an active role in the creation and development of a sustainable capital market. At an organization level, as a member of the Investment Management Association of Singapore (IMAS) and a signatory of the Principles for Responsible Investment (PRI), 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.

11. 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.

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