Investing in the Next Generation of Emerging Markets

VERGENT ASSET MANAGEMENT LLP
STEWARDSHIP AND ENGAGEMENT POLICY

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VERGENT

INTRODUCTION

Vergent Asset Management LLP (Vergent) is an investment management firm primarily investing in Emerging and Frontier publicly listed companies. At Vergent we believe that, as active shareholders, it is our duty to act as stewards of our investors' precious capital through rigorous analysis and engagement with investee companies.

Stewardship and Engagement refers to interactions that Vergent may have with companies to exercise influence as an owner, including interactions regarding Environmental, Social, and Governance (ESG) issues. These interactions encompass meetings with management and/or board directors, proxy voting and collaborative initiatives.

The UK Stewardship Code 2020 sets key principles and guidance for institutional investors, which currently sets out best practices on how they should perform their stewardship duties. The aim is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Shareholder Rights Directive II (SRD II), aims also to promote effective stewardship and sets out requirements in respect of engagement policies and investment strategies across the institutional investment community.

We believe that companies operating with sound business practices, including appropriate attention to ESG factors, can continue to grow sustainably, and therefore are more likely to present better long-term investment opportunities than those without.

OUR ENGAGEMENT APPROACH

At Vergent we believe engagement is an important mechanism for providing feedback on company activities and disclosures and raise issues with management particularly where we believe they could be enhanced. We primarily engage in direct dialogue through face-to-face meetings, telephone calls, email and written correspondence to share our perspectives.

Engagement also informs our voting decisions and can cover a wide range of topics including strategy, operational performance, and ESG factors.

For businesses that are either in the portfolio or are under consideration for investment, we use a combination of in-house and third-party resources to identify the most material ESG issues for a specific company. Once these are identified, we conduct further research based on available information and address outstanding questions to management. A judgement is made on the relative strength of the company's approach to ESG risks and opportunities, judging on an absolute basis and recognizing changes in policies and disclosure.

The team will assess the information to identify material areas of risk relating to ESG issues or where their views about proxy voting differ with the company's management team. Once the risks are identified, Vergent may raise the issues with management and/or the board of directors in person or in writing. The choice about which issues to engage on is made with reference to themes prioritized, the size of the position and the materiality of the issue.

Should the company fail to make material progress in those areas over time, the team escalates the matter to the investment committee, which can lead to the following possible escalation methods:

1. **Collaborative engagement to speak with a more powerful, unified voice**

Vergent also seeks to participate in collaborative engagements and initiatives. These collaborations may involve other institutional investors, industry associations or advocacy groups and they help us to pool resources and speak with a stronger unified voice to protect the interests of shareholders in the companies in which we invest on behalf of our clients. Additionally, we believe that we have both an opportunity and duty to advocate for the sustainability and integrity of capital markets. As such, Vergent may participate in engagement with policy makers and regulators on issues related to ESG and responsible investing. Any decisions regarding participation in collaborative initiatives are made by our investment team chaired by the firm's portfolio manager.

2. **Proxy Voting**

Vergent has a fiduciary duty to vote proxies both in a timely manner and in the best interest of clients. The central tenet of our proxy voting policy is that good corporate governance enhances long-term shareholder value. Vergent utilizes the proxy research and voting services of Institutional Shareholder Services (ISS) to help assess and vote proxies in accordance with our custom proxy voting policy. Considering Vergent's custom guidelines, ISS prepares voting recommendations for all proposals on which we are entitled to vote. Vergent uses these recommendations as a guide, however, certain situations will warrant additional review. Where there is a recommendation to vote against management, we reach out to the company to gain a better understanding of the issue at hand. The Investment team at Vergent receives support from the dedicated Stewardship and Engagement team. As a result of this engagement and our assessment of the relevant information, Vergent may choose to vote contrary to the ISS recommendation. That said, Vergent will always vote proxies taking into account the best interests of shareholders.

Vergent's approach to proxy voting is set out in a separate Proxy Voting Policy.

3. **Public Engagement via an open letter**

Vergent believes that written communication can be a powerful tool to cultivate dialogue and even incite change. The team may consider writing to management on issues that we believe have 'long shelf-life' and are impactful to business prospects and ESG issues. In most scenarios, management receive our correspondence welcomingly and are more than willing to discuss them in a follow up engagement call.

4. Filing a shareholder proposal

In situations where we are unable to affect change through the above-mentioned means, we may submit a shareholder proposal with a clear and concise call to action. These may relate to strategic direction, or matters related to the company's governance practices.

5. A partial or full divestment

When we are either unable to promote action or perceive that management have no willingness or ability to make change, we will proceed to exit the investment.

CONFLICT OF INTEREST

Conflicts of interest can arise. FCA Principle 8 and SYSC 10 place an obligation on firms to manage conflicts of interest fairly. We have a firm-wide policy that sets out how we will deal with actual or potential conflicts of interest. Our approach is always to act within our fiduciary duty, that is in the best interest of our clients. Examples of situations where potential conflicts of interest could arise as part of our stewardship activities include:

- an investee company is a significant client, lender, or vendor of NSP; and
- there may be personal contacts and connections at an investee company

REPORTING AND DISCLOSURE

Vergent will report on its Stewardship and Engagement activities to its clients at least annually.

Vergent provides a summary of its proxy voting record to its clients on a quarterly basis. Additional information is available to our clients on request.

Under COBS 2.2.3 of the FCA Handbook, Vergent is required to make a public disclosure in relation to the nature of its alignment to the UK Stewardship Code (the "Code"), and an overview of our record of voting under the SRD II. This is required annually and is available on our website.

As a signatory to the UN-backed PRI, we are required to report annually on our ESG related activities in accordance with the PRI reporting framework. Our PRI Transparency Reports are available on request.

We review and approve our policies annually.