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Investment Stewardship Policy

Our focus at Baza Capital is to invest responsibly while providing strong absolute returns for unitholders. As a fund manager, we believe that investing responsibly will enhance long-term value creation and help to manage risk.

To guide us in this mission, we rely on our core values of transparency and commonality of interests in every decision we make. Responsible investment is at the heart of Baza Capital's culture and central to our duty to manage investments in the best interest of our unitholders.

We aim to be an active owner of companies. The focus of our Investment Stewardship Policy is our interactions with our portfolio companies from engagement, voting and employee incentive perspectives.

We share a number of core and supporting values at Baza Capital including:

Core values

- **Transparency**: We are committed to open business practices. We want our unitholders and other stakeholders to have a strong insight into processes and investments, particularly ones that relate to our ESG stewardship. As part of our commitment to transparent, we will make available data and reports to stakeholders on our investments, systems and performance.
- **Commonality of interests**: Founders are incentivised in line with unitholder interests and are material investors in the Baza Capital funds.
- **Sustainability**: We hold our investments and business to high sustainability standards. We offset our carbon footprint and make annual donations to charities and not-for-profits.
- **Investment excellence:** We have a relentless pursuit of excellence; we aim to be the best in our chosen domain. We strive for superior investment decision-making and we look to generate attractive long term investment returns while managing risk.

Supporting values

- **Integrity**: We conduct our business with uncompromising integrity and we aim to earn enduring credibility; we do what we say we will do
- **Work ethic**: We take pride in our attention to detail and high work intensity.
- **Adaptability**: We will stay ahead of the curve with respect to latest developments in funds management and investment technology.
- **Community**: We have built and will nurture a strong community spirit around Baza Capital to ensure that Baza Capital is at all times a positive contributor and influencer with respect to the environment, social outcomes & governance of companies.

WE ARE ALIGNED

Baza Capital is 100% owned by its Directors, William Sandover and Brayden McCormack. The remuneration of Baza Capital is predominantly performance based, creating strong alignment with unitholders.

Both William Sandover and Brayden McCormack have made significant personal investment into the funds managed by Baza Capital; as have their families, friends and immediate network.

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HOW WE PRACTICE RESPONSIBLE INVESTMENT

Our efforts around responsible investment are continuous and comprehensive. We outline a number of commitments that we will make as part of our investment processes. The list we have will evolve, particularly as ESG disclosure increases and better investment processes are included.

Our current commitments to practicing responsible investment:

- We scale up investment in preferred industries
- We avoid investments in harmful industries and/or with excessive carbon emissions
- We avoid investments in companies subject to material controversies
- We investigate the diversity of companies; we look for diversity in leadership, a company culture that encourages diversity and/or strong diversity policies
- We vote in support of proxy proposals that, in our view, will improve our clients' long-term investing outcomes, and support a company's progress in adhering to Baza Capital's Responsible Investment Framework
- We focus on responsible corporate governance, particularly with respect to the companies in which we invest, as a driver of long-term value creation

(see Responsible Investment Framework for more information)

OUR APPROACH TO VOTING

Our overarching objective is to support resolutions that maximise long term shareholder value and encourage the realisation of positive ESG outcomes. Our shareholder voting procedures have been designed to hold directors accountable for their action or inaction on material ESG matters.

We aim to vote at Annual General Meetings and other shareholder meetings wherever possible and in line with our Responsible Investment Framework. We will always consider the risk/return implications of our vote and chronicle our voting effectively.

Refer to the Voting Guidelines for detailed information on our practical approach to voting.

Corporate structure and shareholder rights

The exercise of shareholder rights, in proportion to economic ownership, is a fundamental privilege of equity ownership that should not be unnecessarily limited. Such limits may be placed on shareholders' ability to act by corporate charter or bylaw provisions, or by the adoption of certain takeover provisions. In general, the market for corporate control should be allowed to function without undue interference from these artificial barriers.

Environmental and social proposals

Proposals in this category, initiated primarily by shareholders, typically request that the company enhance its disclosure or amend certain business practices. We will typically be supportive of such proposals, but will always evaluate these resolutions in the context of our view that a company's board has ultimate responsibility for providing effective ongoing oversight of relevant sector and company-specific risks, including those related to environmental and social matters. The funds will evaluate each proposal on its merits and will support those where we believe there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company and/or broader positive environmental and/or social outcomes (without significantly or unnecessarily penalising the company's ability to build shareholder value). Some of the factors considered when evaluating these proposals include the materiality of the issue, the quality of current disclosures/business practices and any progress by the company toward the adoption of best practices and/or industry norms.

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Election of Directors

We believe good governance starts with an appropriate board, with the right skills, experience, incentives and diversity.

Factors for approval:
1. Nomination results in the enhancement of the skills of the board
2. Nomination results in the enhancement of the experience of the board
3. Nomination results in enhancement of the diversity of the board
4. Nomination results in the enhancement of independence of the board
5. Nomination is in line with an important strategic outcome for the company (e.g. whereby a major funder suggests a board member for approval)

Factors against approval:
1. Nomination degrades the independence of the board
2. Audit, Nominating and/or Remuneration committees include too many non-independent members
3. Actions of committee(s) on which nominee serves demonstrate serious failures of governance (e.g. unilaterally acting to significantly reduce shareholder rights, failure to respond to previous vote results for directors and shareholder proposals)
4. Nomination would lead to an excessive number of board members
5. Poor previous performance within company
6. Lack of relevant skills or experience
7. Nomination does not lead to an appropriate enhancement of board diversity

REMUNERATION OF BOARD AND MANAGEMENT

Share-based remuneration

Appropriately designed share-based remuneration plans, approved by shareholders, can be an effective way to align the interests of long-term shareholders with the interests of management, employees and directors. We will generally oppose plans that substantially dilute existing shareholder's ownership interest, provide participants with excessive awards or have inherently objectionable structural features.

Factors for approval:
1. Company requires shares acquired through equity awards to be held for a certain period of time
2. Remuneration programme includes performance-vesting awards, indexed options or other performance-linked grants
3. Concentration of equity grants to senior executives is limited (indicating that the plan is very broad-based)
4. Share-based remuneration is clearly used as a substitute for cash in delivering market-competitive total pay

Factors against approval:
1. Excessive total potential dilution (including all share-based plans)
2. Excessive annual equity grants
3. Plan permits re-pricing or replacement of options without shareholder approval
4. Plan provides for the issuance of reload options
5. Plan contains automatic share replenishment feature

Bonus plans

We believe bonus plans should have clearly defined performance criteria and maximum awards expressed in the relevant currency. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.

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Advisory notes on excessive remuneration

In evaluating these proposals, we consider a number of factors, including the amount of remuneration that is at risk, the amount of equity-based remuneration that is linked to the company's performance, and the level of remuneration as compared to industry peers.

OUR APPROACH TO CORPORATE ENGAGEMENT

Our approach to corporate engagement is to provide companies and their advisers with our feedback, concerns and insights as a responsible equity investor. We regularly talk to the Boards and senior management of our portfolio companies as it provides an opportunity to improve our understanding of the business, and monitor and influence material business items such as strategy, capital allocation, operational and financial performance, and ESG matters. We always aim to foster a respectful, constructive, and long-term dialogue.

The breadth, depth and frequency of engagement will vary significantly based on the risks and opportunities faced by the company, the opportunity and willingness to engage by the company, and the size, nature and likely tenure of the investment.

Methods of corporate engagement that we utilise include:
- Sending emails to senior management and board members
- Attending meetings with senior management and board members of portfolio companies
- Exercising voting rights as a shareholder

Examples of focus areas include
- Understanding a company's approach to managing key business risks and opportunities
- Making clear expectations for improvements in the company's practices and the importance of the company demonstrating those improvements
- Raising any material ESG issues identified
- Avoid encouraging short-term behaviours by company management that aim to maximise corporate revenue or other performance indicators without due consideration of the impacts on the long term sustainability of such short term aims and decisions
- Encourage and recommend companies to disclose their material ESG metrics, risks and performance

We log all engagement activities with companies through digitally captured meeting notes and entries in our Responsible Investment Engagement Database.